DECEMBER 16, 1955 20 CENTS

U.S. News & World Report

Story of
KHRUSHCHEV —A SMILING STALIN

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TO

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Ideas need labels, too

BEFORE warning labels were put on bottles, hundreds of people were killed by taking the wrong dose. Today *millions* are in worse danger because of ideas that sound innocent but are deadly poison:

"Shorter work week at same take-home pay maintains buying power, spreads the work." The *true* label to that idea would read—"You thereby increase costs and so raise prices; then fewer people buy, and so fewer jobs; finally, depression." There is an antidote to that poison: increase *production* to produce as much in the shorter week. Then prices can stay down, and everyone can benefit.

Another poison that needs an honest label: "Surpluses are all right; we can give them away abroad, where they are needed." The truth is we give away what makes our nation strong. We should be trading the products of our mines and soil and factories for the countless things we do not have and *desperately* need for protection.

The Fifth Amendment, to the Constitution, doesn't always have an honest label, either. It has been a shield for too many traitors.

And perhaps the deadliest poison of all, because it tastes so pleasant: "We were born lucky, with our great natural resources, so we should share them with all the world." The fine type on that label should read, "Take with discretion. Be sure the 'poor' who cry for your help are not using it to make themselves strong enough to fight you, or are not using it in place of working hard themselves."

If the Americans who pay the bills and carry the burdens are going to be offered pills to keep them at work, they have a right to honest labels on them. Such labels aren't there now.

Setting up a 2AC Single Spindle Automatic for machining a large pump part

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IN THIS ISSUE:

★ What Happens When You Buy a Car

From men in the business comes this account of how today's highly competitive auto industry operates—why discounts are big, what pressures are applied to sell cars. Page 43.

★ Where Russia Is in Sight of U. S. Territory

Will World War III start with bombers attacking U. S. from Siberia? Some think so. Top commander of military forces in Alaska tells what's being done for defense. Page 86.

★ Virginia Plan: South's Answer to Supreme Court?

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WORLD REPORT

U. S. WEEKLY
Three Titles Reg U. S. Pat. Off

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The *non-political*, unbiased Hoover Commission has dug deeply and come up with *facts*. One of the Hoover Report's chief recommendations is this: Our government must stop competing with its own citizens in business, industry and professions. Such competition is not in the public interest and is a menace to America's economic system that has produced and maintained history's highest living standards.

In the final analysis, it is *your* living standards and *ours* that are threatened.

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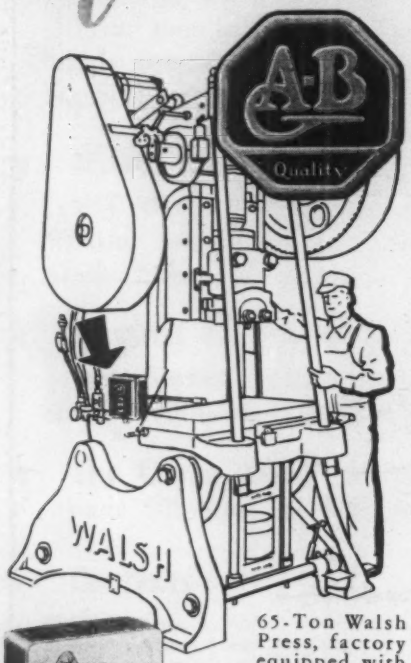

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The March of the News

SALK SHOTS NOW?

PARENTS SHOULD GET Salk-vaccine shots for their children as soon as possible, Dr. Leonard A. Scheele, Surgeon General, warned last week. If everyone waits until next May, when the 1956 polio season is under way, a "hopeless log jam" may develop, he said, with some children missing out.

In another development, a group of polio experts, called together by the Department of Health, Education and Welfare, unanimously recommended against limiting inoculations to one shot per child in an effort to make vaccine supplies go further. They voted, instead, to continue the three-shot procedure, which calls for giving each child two shots of the vaccine a month or six weeks apart and a third shot about seven months later.

Although single shots of the vaccine had proved 69 per cent effective in preventing paralytic polio, Dr. Jonas E. Salk, developer of the vaccine, favored the three-shot program. "What we want is solid protection," he said.

FOOTBALL VS. SCIENCE

THE NATION'S HIGH SCHOOLS were criticized by two educators last week. John R. Dunning, dean of engineering at Columbia University, said: "No high school anywhere in our country has even one half the Russian requirements in mathematics, sciences, physics or chemistry."

In a speech to the American Institute of Consulting Engineers, Mr. Dunning said that U. S. high schools and colleges tend to look up to the star football player, but ignore the budding scientist.

At the University of Maryland, Leon P. Smith, dean of the College of Arts and Sciences, made a disturbing report: "Of approximately 2,000 freshmen who elect to go into courses which require mathematics, 30 to 35 per cent must repeat a high-school mathematics course which we offer."

RUSSIA'S BOMBERS

"RUSSIA WILL very shortly possess a formidable bomber striking force." That prediction is made in the latest issue of "Jane's All the World's Aircraft." The aerial display in Moscow last July, says "Jane's," has "done more than any previous one to shatter any remaining complacency in responsible circles in the West." The editors estimate that the Communists now turn out warplanes in 390 factories, scattered from Poland to the Far East.

One measure of the mystery surrounding Russia's aircraft industry: "Jane's" devotes only 9 pages to information on the U.S.S.R., compared to 108 pages on the U. S., 63 on Great Britain.

SECURITY ALERT

AIR DEFENSES of this country and Canada got a joint testing when military officials sprang a surprise alert last week. "Operation Crackerjack" was designed to check on the effectiveness of radar tracking and provide practice for interceptor planes under winter weather conditions.

More than 400,000 spotters of the Civilian Ground Observer Corps took part in the huge war game, together with Canadian and U. S. air units. The mass "enemy raids" on key targets were staged by the U. S. Strategic Air Command.

CUT IN DRAFT CALLS

DRAFT CALLS will be small through the first six months of 1956, the Defense Department announced last week. Only 6,000 men will be called in January, instead of the previously announced 8,000. The 6,000-per-month level is expected to hold for the first six months of the new year.

The new call is the lowest since start of the Korean war in 1950. Two trends caused the reduction in the draft: Navy re-enlistments are running so high that that service can do without the draft in February. And the Defense Department is continuing to reduce Army manpower.

SOVIET MUSICIANS

SOVIET MUSICIANS were proving a popular attraction in the U. S. Pianist Emil Gilels made a successful tour. When violinist David Oistrakh reached Washington last week, he played to a capacity audience of 3,874. Critics acclaimed him "a rare master."

Concert manager Patrick Hayes revealed that Mr. Oistrakh had earned the biggest fee ever paid for a solo recital in Washington, The gate, he said, exceeded $8,500, of which the violinist received more than half. But no one knows if Soviet musicians ever see their American earnings. Said Mr. Hayes: "It is no secret that the basic contracts for the American appearances of Gilels and Oistrakh are between the American concert management and Soviet Ambassador to the U. S., Georgi N. Zarubin."

John O. Gantner, Jr., President of Gantner of California, reveals why

"She always has the last word!"

"They say a woman will always have the last word. It's certainly true when she shops for a swimming suit!

"She waits till the last possible minute, and insists she get the 'last word' in style. Pressure on stores is terrific. If 'hot' styles run out of stock, those sales are gone forever.

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"Gantner styles can be restocked to any store in the country in a few hours, *while the ads are running*. Not a moment is lost — not a sale is lost — thanks to Air Express!

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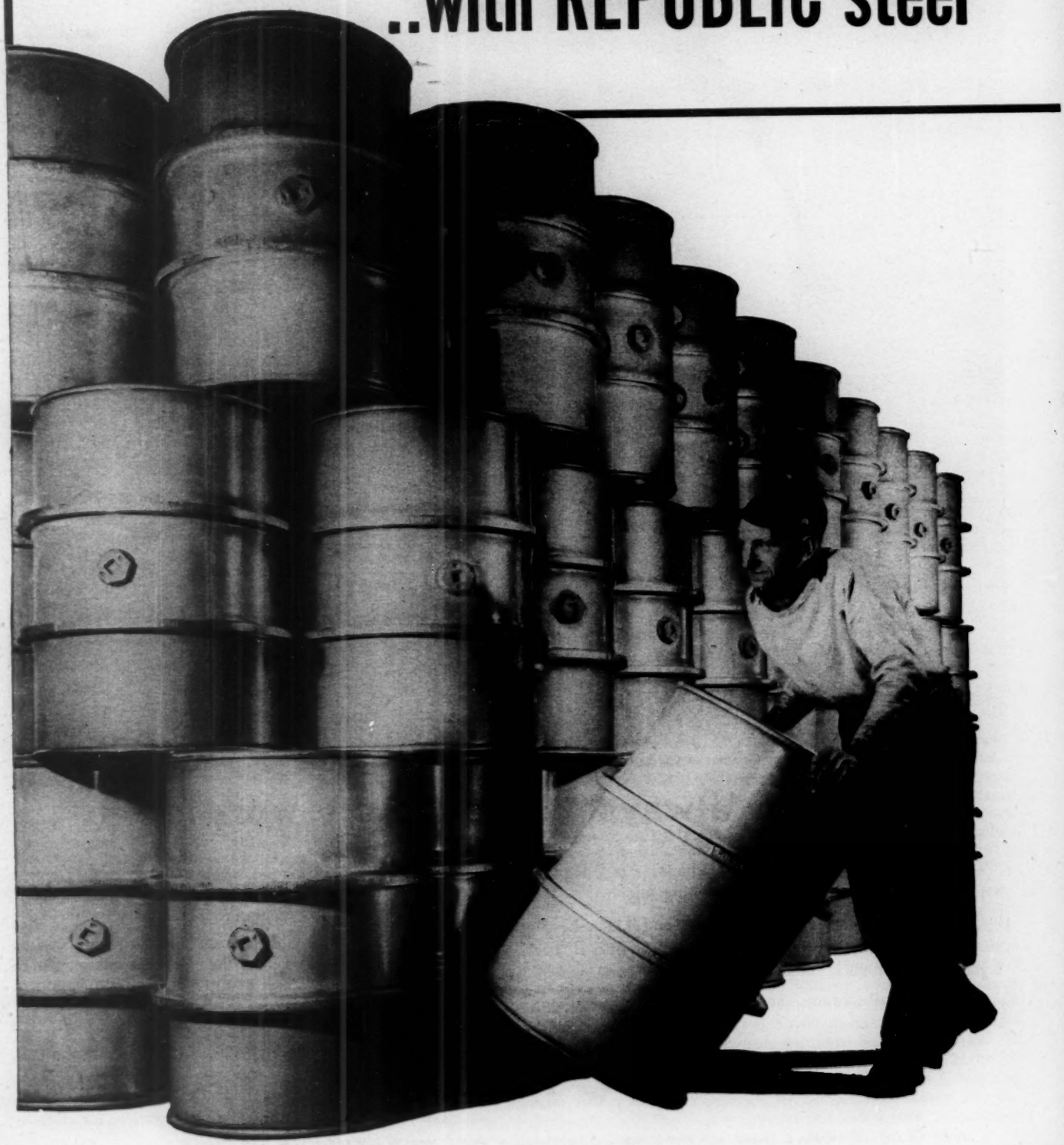

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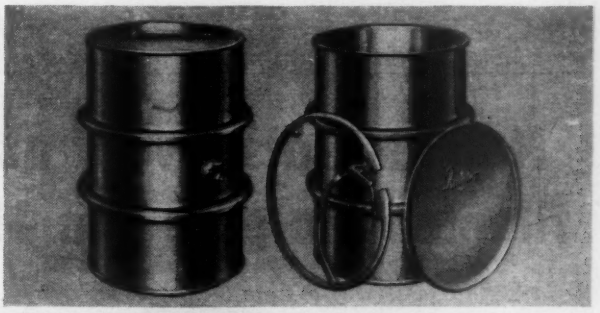
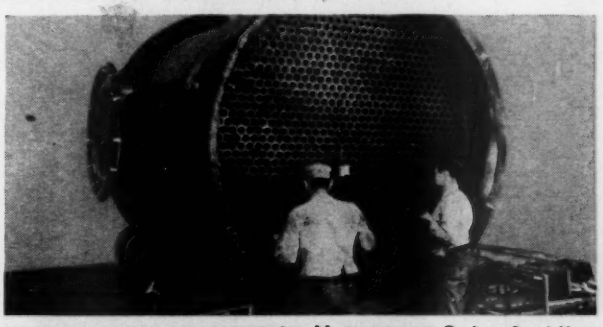


TOP PROTECTION COMES WITH ENDURO. Republic's versatile stainless steel. Drums and barrels made of it neither affect nor are affected by most chemical and food products, help maintain original color, flavor and purity of product. ENDURO resists corrosion, never needs painting, is tough and strong, lasts indefinitely. And its smooth surface is so easy to clean and keep sanitary. The solid head drum and Ringlok removable head drum shown above are two of many types available.



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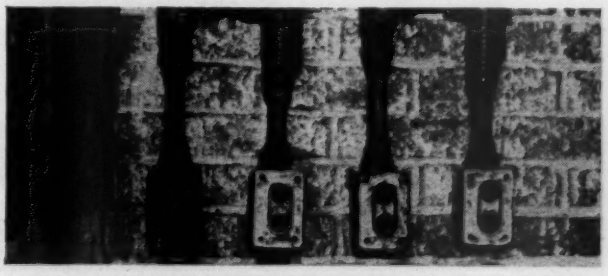

SAFETY FOR WIRING IN CHEMICAL PLANTS is assured by Republic's "Dekoron-Coated" Electrical Metallic Tubing. The raceway and switchgear shown above get a 24-hour-a-day drenching in hydrochloric acid fumes in a Michigan plant. Within a six-month period, the unprotected switchgear had to be replaced twice — but 15 months after it was installed, Republic "Dekoron-Coated" E.M.T. had not changed physically. It is a zinc-coated steel raceway protected by a plastic armor of polyethylene.

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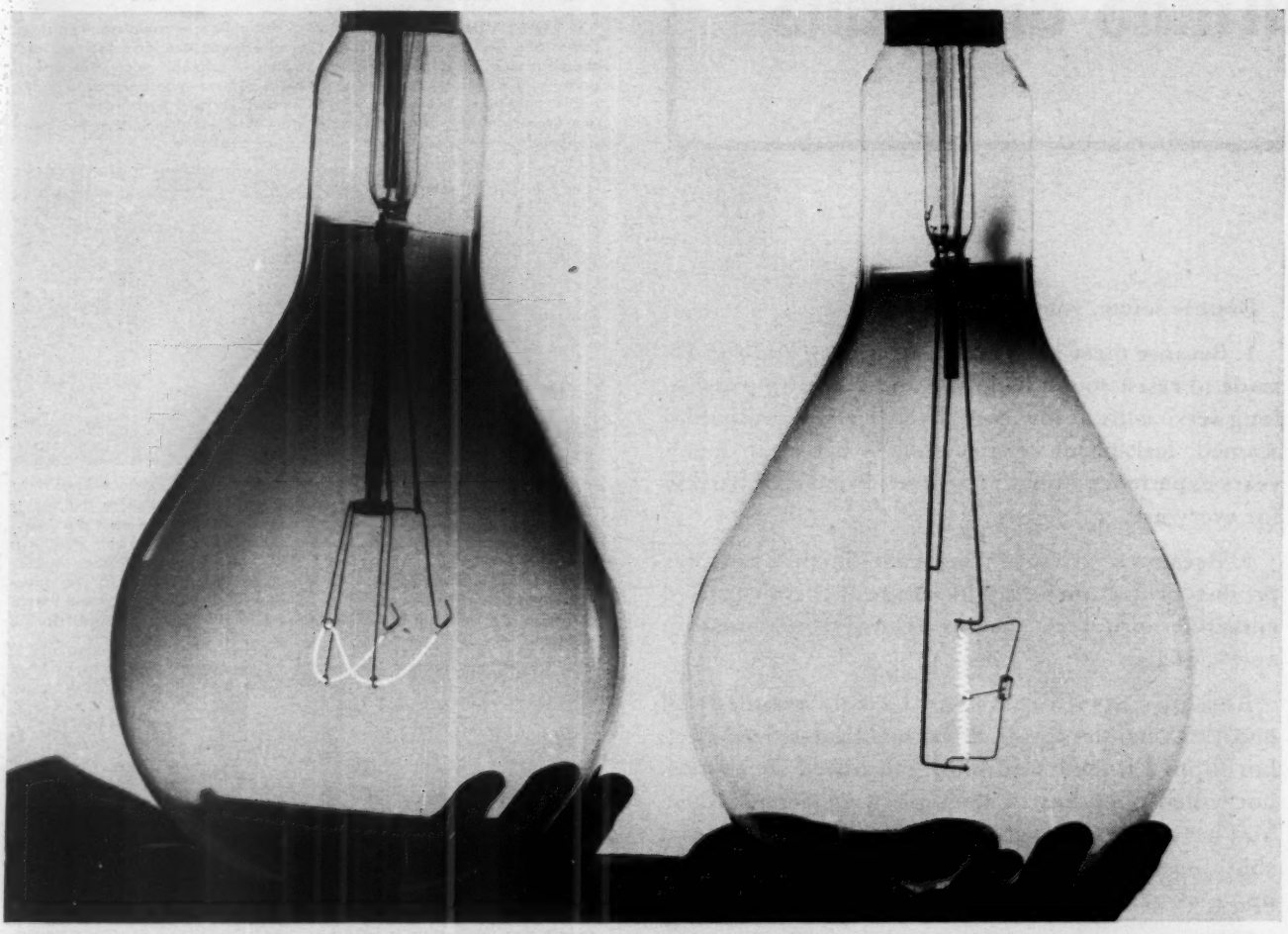
New G-E discovery uses revolutionary stand-up filament to give you 15% more light from a bulb



Compare standard crosswise filament, left, with new G-E stand-up filament, in bulb on right. Note reduction in bulb blackening after same hours of use.

Promises America a Yearly Light Bonus of Over $100,000,000

General Electric announces the most important development in light bulb filaments in 42 years—a filament that stands on end. It gives up to 15% more light at no increase in cost to you for current consumed.

The 750 and 1000 watt Bonus Line G-E Lamps are available now, at same list price. Other sizes from 60 to 500 watts are being redesigned to use the new stand-up filament

FOUR YEARS OF RESEARCH

Four years of intensive research were required to solve the technical problems involved in changing from the usual crosswise position to a vertical position.

The light gain achieved by the new stand-up positioning is a minimum of 6%. The new positioning makes it practical for the first time also to use a specially designed coiled-coil filament in bulbs of 300 watts and over. In these larger bulbs, the two improvements combine to bring the light increase to 15% during the life of the bulb—*extra light worth the entire purchase price of the bulb itself!*

LIGHT INCREASED, BLACKENING REDUCED

The new stand-up filament increases light output in two ways.

First, the hotter a filament burns the more light it gives, and the vertical position allows the filament to burn hotter without burning out any sooner.

Second, the effect of bulb blackening on light output is cut to a minimum. Blackening is concentrated in the stem of the bulb when it burns base up, or in a small spot at the opposite end when burned base down. Safely out of the way in either case.

$100,000,000 LIGHT BONUS

G-E incandescent bulbs using the new filament are called the G-E Bonus Line. The value of the light bonus they will ultimately deliver is estimated at over $100,000,000 a year. For more information write General Electric Large Lamp Department, Nela Park, Cleveland 12, O.

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A LOOK AHEAD

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While the boom goes on, you should be aware of these things:

New-car sales are running behind output. TV sales, sales of a number of other so-called consumer durables are doing the same thing.

Inventories of many kinds, as a result, are high and growing.

New-house construction, some commercial construction are moving into a downtrend. Residential building will be less active next year.

Farm prices, farm income are undergoing severe deflation.

Added up, this means that the boom is moving toward something of a test. It already is obvious that 1956 is not to repeat the rapid growth of 1955. There is more likelihood of moderate adjustment in some lines.

Auto output, almost surely, will be cut from present levels. Output of appliances, of most everything sold on credit, is likely to ease.

Starts of new houses are likely to be nearer 1.1 million than the 1.4-million rate of recent months. When fewer houses are built, the demand for things that go into new houses eases and output tends to slow.

All lines that depend upon borrowed money to keep them going are almost sure to do somewhat less well in 1956 than they have done in 1955. If credit use should grow next year as it has grown this year, the result would be inflation of a dangerous type. Screws are being applied to credit to avoid that.

Any downturn that lies ahead, even in lines most affected, will be quite moderate. It will be more of a check to the boom than a recession.

Boom control is an objective of official policy. Price inflation is to be resisted. Price deflation, however, will not be sought.

Deflation, hitting farm prices, will be countered.

What you are to see is an attempt by Government to keep excesses from developing that will lead to real trouble and depression. If pressures for inflation can be held in check, the theory is, good times can be made to last a good deal longer. An adjustment in 1956 will be of a planned type.

Cost of living is unlikely to change much. Food will continue to be as cheap as now, or a little cheaper. Meat prices should reflect the drastic declines in hog prices, the severe declines in cattle prices. Clothing of most kinds will remain about the same in price. Rents are quite stable and, in the case of apartments, sometimes are a little lower. Fuel is likely to keep its present price. Utilities cost about the same.

Price rises of the present period center more in industrial products and tend to be absorbed along the line. Steel, copper, tin, cement, other of the

(over)

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basic commodities cost more, but do not hit the housewife directly.

What you'll probably notice more and more is this:

Unions, strong and merging to grow stronger, will go on pushing up rates of pay and "fringe" benefits. Wage cuts will be barred in bad times. Unemployment, if it follows, will be treated as a problem of Government.

Industry, organized into bigger and bigger units, in time of trouble will tend to hold prices by cutting production. Profit margins often will be protected. Labor will face layoffs or cuts in hours of work.

Agriculture is left as the great disorganized industry, with 5 million competing units. Pressures will grow for Government to intervene more and more to assure the farmer against more of the hazards of free competition.

Merger of AFL-CIO will add to power of organized labor. Labor leaders will use that power both to influence Government and to pressure employers.

Organizing drives are sure to be stepped up. Labor, more and more in the ranks of unions, will be increasingly subject to union rules. Seniority, as a consequence, will gain meaning. Younger workers, the last hired, will be the first off if things slow. The first fired will be the last rehired.

Older workers, more and more entrenched, will be less and less mobile. There will be a growing premium in pension and other rights for the man who sticks to a job. This whole setup has yet to be tested by real recession.

Rising labor costs will increase pressure for layoffs and unemployment if times ever should grow more difficult. Younger workers then would pay.

A 35-hour week will be the first demand if jobs grow scarce. Same pay for 35 hours as given for 40 hours will be demanded. Overtime in a shorter work week would start after 35 hours. Employer funds to supplement unemployment insurance will be in increasingly widespread demand as well.

Disability insurance, for total and permanent disability at first, will be sought from Government. Health insurance will, too. Tax cut designed to give almost all relief to lower-bracket incomes will be pushed hard.

Politicians of both parties are increasingly impressed by the power of labor leaders. The tendency is to cater more openly for union support.

Mr. Eisenhower, in weeks ahead, will be under increasing pressure to make known his attitude toward a second nomination. Strategy of silence, urged by the White House group, will run into opposition. William Knowland, Republican Senate Leader, is letting it be known that he intends to enter some presidential primaries if Ike is not to be a candidate. Favorite sons are becoming restive in a few states, too.

Eisenhower, quite probably, will give his answer before March 1. If an answer is not had by that time, politicians will take it as a decision to run.

Odds continue to be on the side of a decision against a second term.

The President's budget in January will suggest a balance. Outgo is likely to be indicated at 63.8 billions. Income will be estimated at around 64.6 billions. Surplus would be 800 millions. In terms of cash taken in and cash paid out, the surplus will be around 2.8 billions. Tax-cut pressure will be related to the prospective budget surplus. Any cuts will be moderate.

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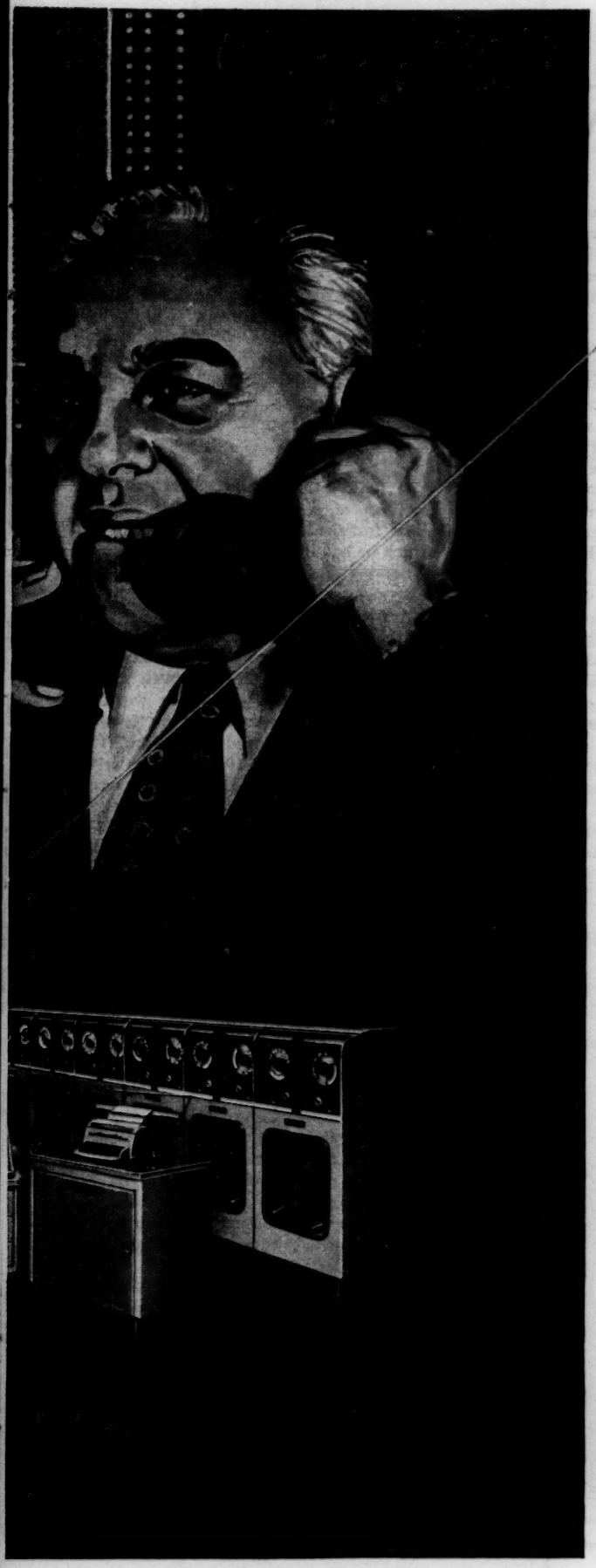
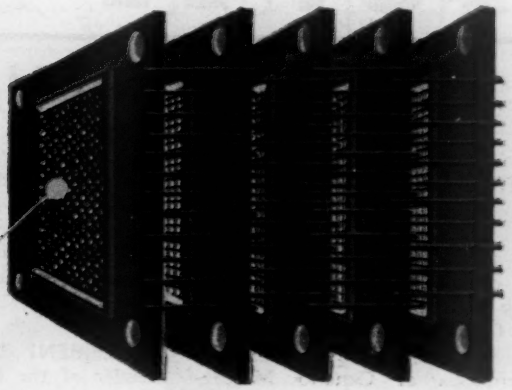




The famous Univac® of Remington Rand has widened even further its lead over other electronic business computing systems. Univac is still the *only* completely self-checked system . . . the only one which can read, write, and compute simultaneously without extra equipment. And now, the Univac II adds to these superior features the speed of a magnetic-core memory.

The Remington Rand magnetic-core memory is more than just a laboratory promise. It has been in actual customer use for over a year, passing all tests with flying colors.

The capacity of the internal memory of Univac has also been doubled, giving instantaneous access to 24,000 alphabetic or numeric characters. If needed, this can be further increased to 120,000 characters.

Univac's external memory—magnetic tape—now has greater capacity too, increasing input and output to 20,000 characters per second . . . the equivalent of reading or writing every character on this page more than 1,000 times a minute.

These new Remington Rand developments can be incorporated into any existing Univac installation to double its speed of operation and increase its economy still further.

Remington Rand Univac

DIVISION OF SPERRY RAND CORPORATION

ROOM 2213, 315 FOURTH AVENUE, NEW YORK 10, NEW YORK

PEOPLE ★ ★ ★

OF THE WEEK

› SENATOR JOSEPH C. O'MAHONEY is bringing to light some of the terrific pressures that agitate the automobile industry at a time of record-breaking sales. As chairman of the Antitrust and Monopoly Subcommittee of the Senate Judiciary Committee, the Wyoming Democrat has been inquiring into the growth and operations of General Motors—world's largest manufacturer.

During the inquiry, GM president Harlow H. Curtice announced that the company was extending from one year to five the company's agreements with dealers handling GM-produced autos. Mr. Curtice also denied charges by some dealers that GM forced them to accept bigger allocations of cars than they could sell—a practice that led to "bootlegging," or quick sales of new cars at cut-rate prices.

Senator O'Mahoney is hopeful that the hearings will lead to tighter credit, end what some dealers term "crazy discount gimmicks" to attract buyers.

The Wyoming Senator, 71, frequently airs his views on matters concerning the U. S. economy. Some listeners are surprised by his New England accent, acquired during his youth in Massachusetts. He headed westward in 1908, tried newspaper work in Colorado and Wyoming, veered to politics. He was first elected to the Senate in 1934, served continuously until his defeat in the Republican landslide of 1952 that elected President Eisenhower, then regained his seat two years later.

› CLEMENT R. ATTLEE bowed out as leader of the British Labor Party last week in the same unobtrusive manner that marked his 20 years as the top Socialist in the country. He leaves the hurly-burly of the House of Commons to enter the somnolent atmosphere of the House of Lords, armed with an earldom conferred on him by Queen Elizabeth II.

To Britons, the former Prime Minister is "good old Clem"—Mr. Average Citizen. He likes to putter in his garden, spend a summer afternoon watching a cricket match, stroll through the countryside after his evening whisky and soda. But the effect of the Socialist changes he imposed on Britain during the six years following World War II will linger long in history.

The son of a prosperous lawyer, Mr. Attlee was educated at Oxford, fought as an Army major in World War I. Social-service work in the slums of London's Limehouse district led him to socialism and into Parliament in 1922.

The Labor leader's mild manner, even in debate, prompted Sir Winston Churchill to describe him—in a fit of anger—as "a sheep in sheep's clothing." Yet these two men of opposite political faiths have great respect for each other.

Mr. Attlee's exit—at 72, in ill health—triggered a struggle for Labor's leadership among Hugh Gaitskell, leader of the party's moderates; left-winger Aneurin Bevan, and Herbert Morrison, the deputy party leader.

› HENRY FORD II is in the unhappy position of seeing part of his family's vast fortune spent for purposes with which he has little sympathy. He finds his hands tied, his influence limited to a protest—as a citizen—against some of the activities of the Fund for the Republic. That he has done.

An offshoot of the Ford Foundation, the Fund for the Republic was given 15 million dollars and cut adrift to work for "elimination of restrictions on freedom of thought, inquiry and expression." That was in February, 1953. Some critics since have depicted its operations as "left wing" in nature.

The 38-year-old president of the Ford Motor Company is a trustee of the Ford

(Continued on page 16)

A WOODLAND RAMBLE BREAKS UP A LONG WORKING DAY

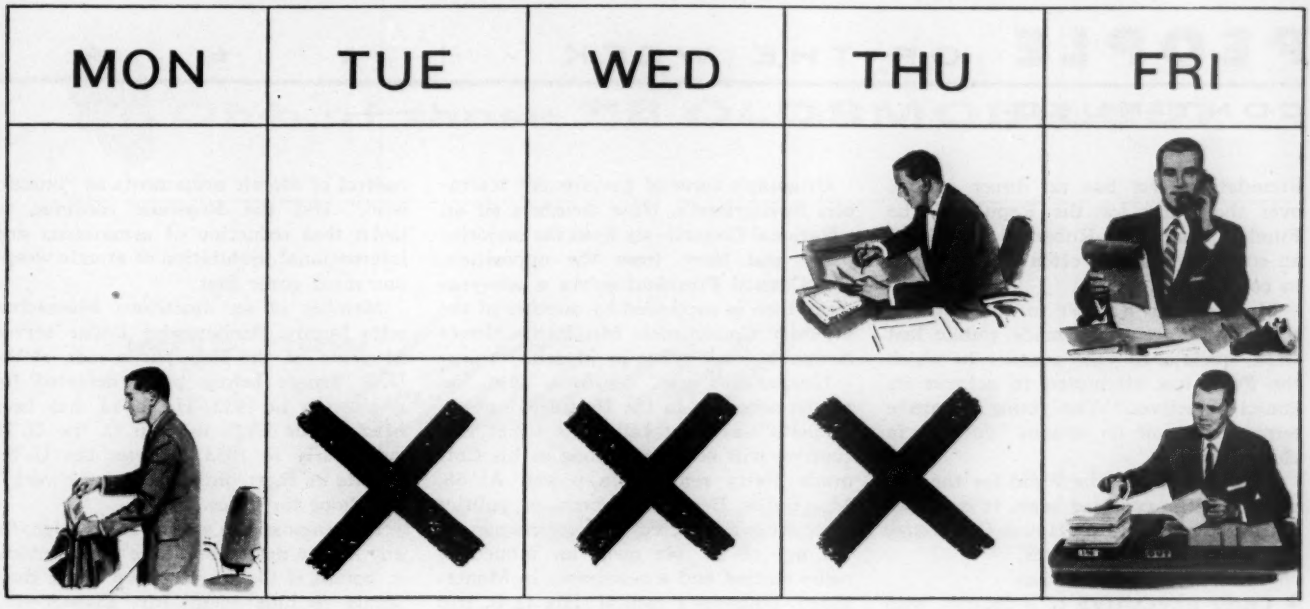
—Wide World

› PRESIDENT EISENHOWER and Cabinet members dug into budget, tax and defense problems last week on the longest working day the President has attempted since a heart attack felled him in Denver last September 24.

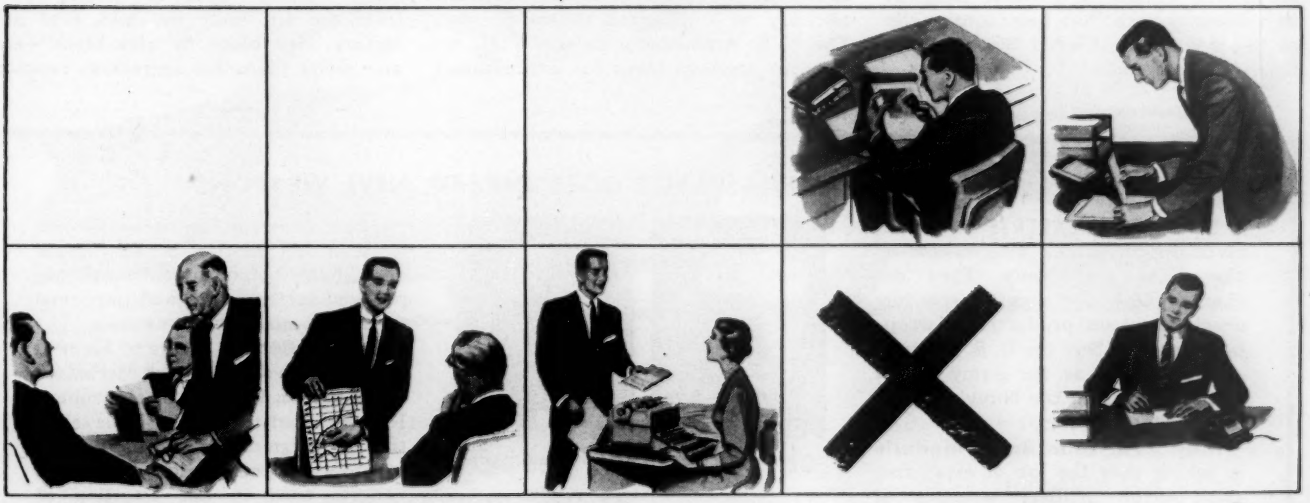
The scene was Camp David, the presidential retreat in Maryland. For five hours, the President and his advisers reviewed the nation's economy and its defenses. Much of the discussion concerned matter that will be taken up in Mr. Eisenhower's state-of-the-union message to Congress next month.

Broken into three sessions, the talks were interrupted by luncheon and a walk through the fog-shrouded woods. Accompanying the President on his stroll: Secretary of the Treasury **George Humphrey,** at left in the photo; Vice President **Richard Nixon,** and Secretary of State **John Foster Dulles,** right.

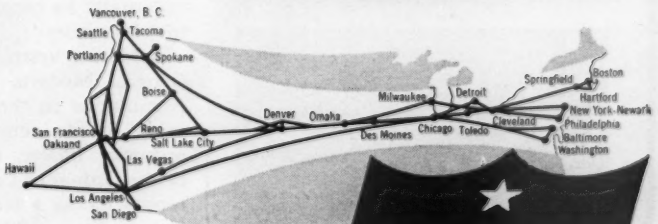
Mr. Humphrey later predicted a balanced budget by next July 1. But he refused to talk about a tax cut.



"Travel absenteeism" is cut way down when you use United Air Lines



People who use slow surface transportation are "absent" from their jobs too long. Work at the home office piles up unnecessarily. In the field, sales and service calls are delayed. There's an easy, low-cost way to keep "travel absenteeism" at an absolute minimum: send your personnel on United Air Lines. You'll save hours—even days—on business trips. (On United, it's just 7⅔ hours coast-to-coast, compared to 60 hours by rail.)



UNITED AIR LINES

Fly the Business Route of the Nation

For reservations, call or write United or an Authorized Travel Agent

CONTINUED

Foundation, but has no direct control over the Fund for the Republic. The Fund is headed by Robert C. Hutchins, an educator who has often been engaged in controversy.

Mr. Ford, in a letter to one critic of the Fund's activities, made public last week, questioned "the manner in which the Fund has attempted to achieve its stated objectives." The young executive termed some of its actions "dubious in character."

A closer look at the Fund for the Republic can be expected soon. It is due to be investigated by the House Committee on Un-American Activities.

› **CHIEF EXECUTIVE** of a country with a form of government unique in the Western Hemisphere is visiting the U.S. on a dual mission. **Luis Batlle Berres,** President of the National Council of Government of Uruguay, hopes to improve trade relations between the two countries. He is also anxious to promote Uruguay as a country that "has been continually at the side of the United States in the fight for freedom."

Uruguay's form of government resembles Switzerland's. Nine members sit on a National Council—six from the majority party and three from the opposition. The Council President serves a one-year term, then is succeeded by another of the majority Councilmen. Mr. Batlle Berres is due to leave office in March.

Uruguayans say, however, that, no matter who sits in the President's chair, "Luisito"—as they call their Chief Executive—will be boss as long as his Colorado Party remains in power. At 58, Mr. Batlle Berres has been in politics since he was elected a Congressman at the age of 25. He owns an influential radio station and a newspaper in Montevideo, Uruguay's capital. His U. S. trip is taking him to Washington, New York, Boston, Chicago and Miami.

› **HENRY CABOT LODGE, JR.,** is keeping alive in the United Nations President Eisenhower's proposal for "open sky" inspection of American and Russian territory as a deterrent to atomic war. The U. S. Ambassador to the U. N. rejects all previous plans for international control of atomic armaments as "unrealistic." But the Russians continue to insist that reduction of armaments and international prohibition of atomic weapons must come first.

Member of an illustrious Massachusetts family, Ambassador Lodge served 13 years on the Republican side of the U. S. Senate before being defeated for re-election in 1952. He is 53, has been head of the U. S. mission to the U. N. since early in 1953, believes the U. N., despite its shortcomings, offers the world's best hope for peace.

It is impossible, argues Mr. Lodge, for any known detection device to find atomic bombs if the country that owns them wants to hide them. Mr. Eisenhower's aerial-inspection plan is intended to rule out surprise attack by exposing military build-ups through regular photographic surveys.

In "considerably less than six months," the Ambassador says, the U. S. or the Soviet Union could be photographed from the air "mile by mile, field and factory, city block by city block"—and any secret plans for aggression exposed.

ON LAND AND AT SEA—SEARCH GOES ON FOR NEW WEAPONS

› **TWO ARMS EXPERTS** have been given important new assignments by the Army and Navy. They are charged with the task of speeding development and production of weapons that will beef up U. S. defenses—devices such as the Army rocket Honest John and the Navy's guided missile, the Regulus.

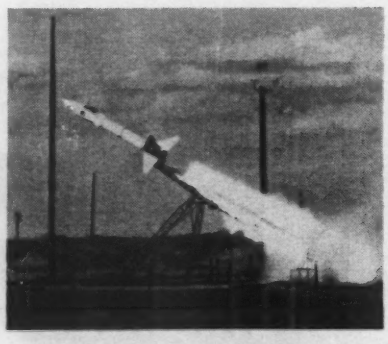
Maj. Gen. John Bruce Medaris is taking over the job of expediting push-button artillery weapons at Redstone Arsenal, the Army's guided-missile center at Huntsville, Ala. One of the top-priority projects there is the Redstone—a new, supersonic missile reported to have a range of 200 miles. Some experts believe that eventually its range will be expanded to 1,000 miles.

GEN. MEDARIS CAPT. BENNETT

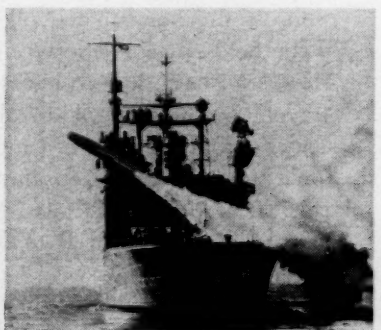
A Marine veteran of World War I, General Medaris won a peacetime commission in the Army, has spent most of his service career as an ordnance officer. As assistant chief of the Ordnance Corps, he has won a reputation as a man who gets tough chores done quickly and efficiently. The General is 53.

Capt. Rawson Bennett II, new Chief of Naval Research, is taking on the job of keeping America's battle fleets in line with fast-moving nuclear developments. His objectives: missiles designed for use as major weapons for the fleet in air defense and shore bombardment, nuclear-powered surface ships and improved supersonic aircraft.

Captain Bennett brings to his new office a background of technical know-how in the field of electronics. He was wartime head of the electronics-design division of the Bureau of Ships, helped produce ultrasonic gadgets used in the detection of enemy submarines, has held various other administrative posts in engineering. The captain is 50.



HONEST JOHN—ARTILLERY ROCKET



—Dept. of Defense Photos

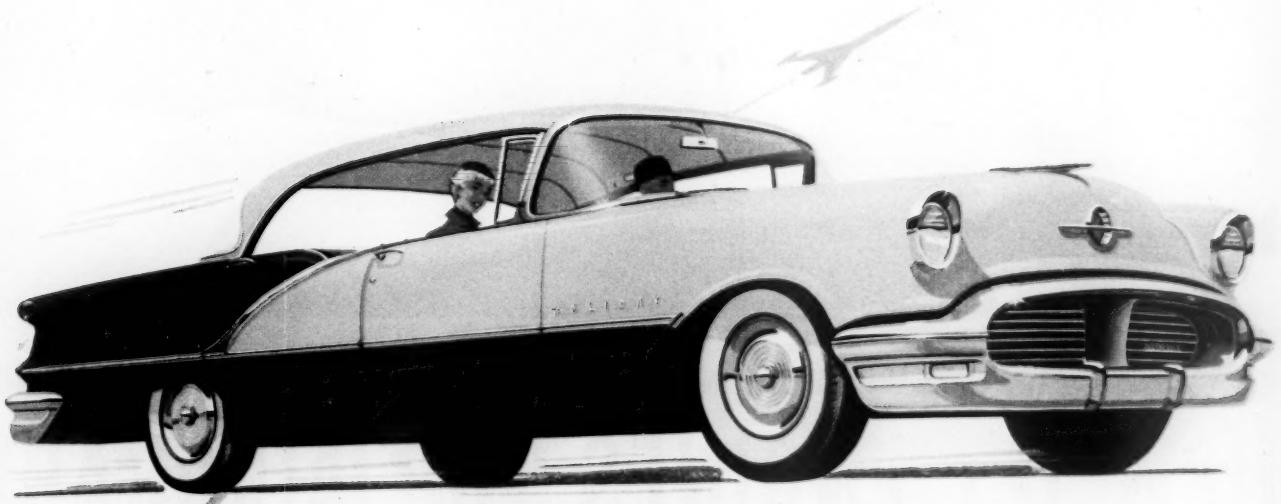
REGULUS—GUIDED MISSILE

Oh-h-h! those '56 OLDSMOBILES!

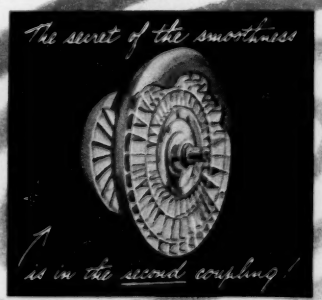
with new *Jetaway*

HYDRA-MATIC

ALL THE *Flow* OF FLUID . . .
ALL THE *Go* OF GEARS!



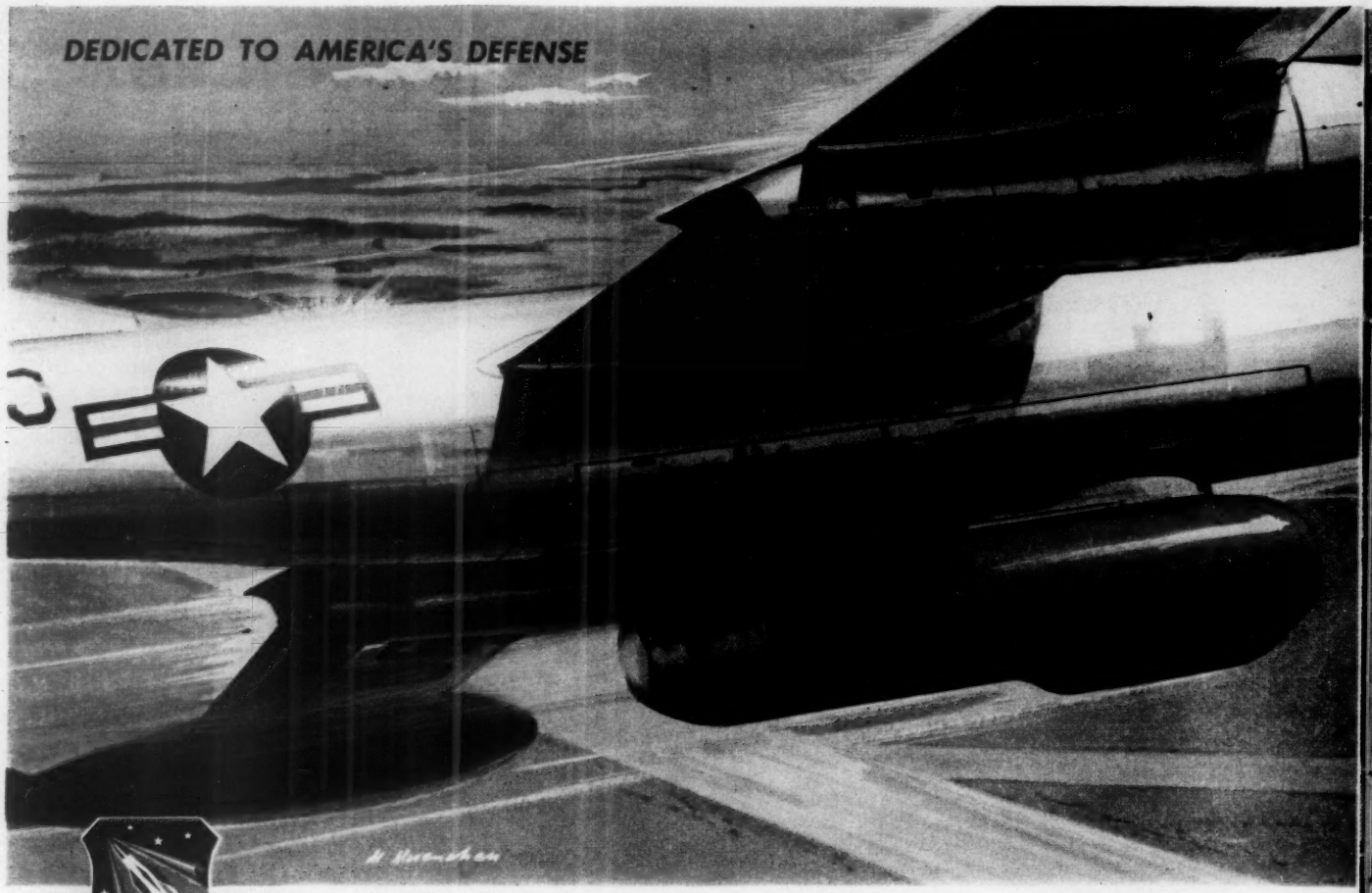
1956 SUPER 88 HOLIDAY SEDAN



Paired with the Rocket T-350 for the smoothest action ever!

Liquid-smooth and lightning-quick! Oldsmobile's new Jetaway Hydra-Matic gives you the flashing action of "going" gears plus the velvet smoothness of *two* fluid couplings. The result is almost an air-borne feeling—quiet, swift and incredibly smooth. And in appearance, the new Oldsmobile is a standout, too. With inspired new Starfire styling—bold new airfoil grille—sweeping new body lines—a *daring*, *different* look from every angle! See the cars that are out ahead to *stay ahead* . . . Rocket Oldsmobiles for '56!

OLDSMOBILE



G-E teamwork with USAF Air Research and Development

NEW JET ENGINES FOR AIRCRAFT

At research, development, and test centers across the United States, thousands of American engineers are tackling the problem of keeping our nation *first* in air power. The job is of vital importance. For today we know that *quantitative* air superiority is not enough to keep America free. Needed also is *qualitative* superiority.

USAF Air Research and Development Command directs the Air Force's all-out superiority drive, allocating to science and industry over 80 percent of a yearly research and development budget approaching $500,000,000. In the important field of aircraft powerplants, General Electric, as a member of ARDC's military-industrial team, is now working on new, advanced jet engines. These may power 1965's aircraft at speeds far in excess of today's planes.

G-E teamwork with ARDC, like that of many other companies, goes beyond mere "contract" development work. To help meet future jet needs, General Electric has invested many millions of dollars in new company-owned development facilities. Near Cincinnati, for example, a $20 million G-E Component Development Laboratory—staffed and equipped for research on both missile and aircraft engines—has set the stage for greatly accelerated jet progress.

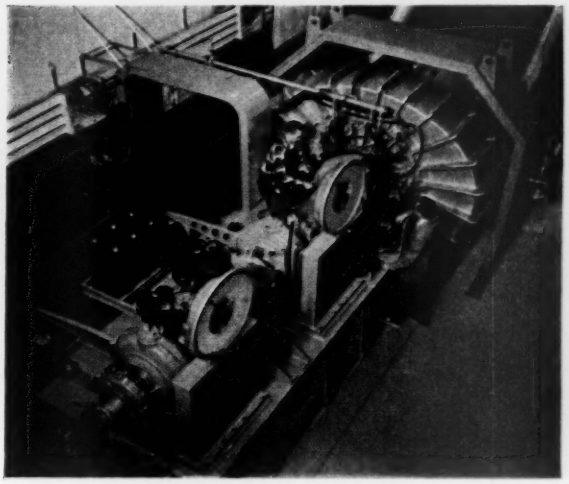
Effective national defense depends on maximum cooperation between industry and the Armed Forces. Wherever possible, G.E. spreads out its defense contract work among thousands of small businesses. In the continuing overall partnership between the Air Force and private industry lies our best assurance of America's leadership in the air. 232-17

Progress Is Our Most Important Product

GENERAL ELECTRIC

"FLYING TEST BED"— a special North American B-45 on loan to General Electric by the Air Force—puts new powerplants through their paces over Schenectady, N. Y. Engine, for example, is carried in B-45 bomb bay, then lowered during flight so engineers can check its thrust, fuel consumption, and performance.

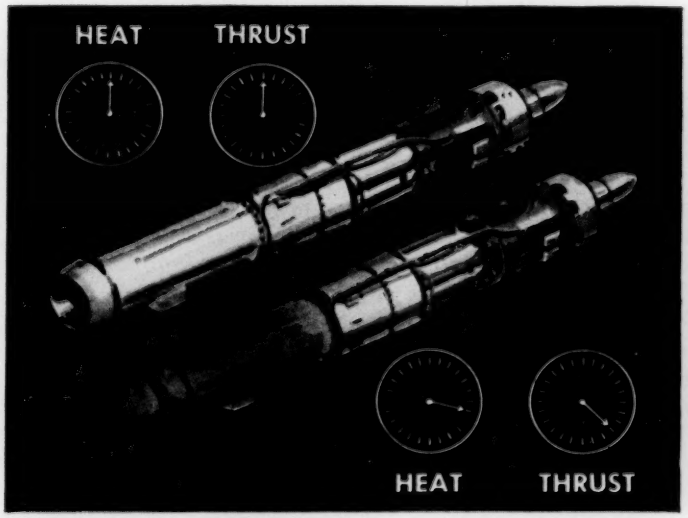
BASIC RESEARCH ON JET ENGINE COMPONENTS at G-E Jet Development Laboratory near Cincinnati helps scientists probe future phases of jet engine research, testing.



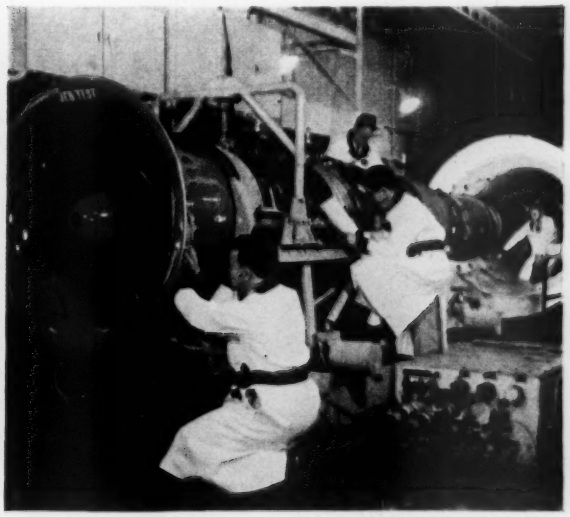
NEW JET TURBINE TEST STAND at G-E Development Laboratory is typical of General Electric's multi-million dollar investment in the future of American air power.

Command helps provide . . .

OF THE FUTURE



CRACKING THE HEAT BARRIER. The hotter an engine can operate, the more thrust it develops. That's why G-E engineers seek new alloys, plastics, and ceramics to enable jets to operate at higher temperatures.



OVER 35,000 G-E J47 JET ENGINES have now been delivered to U. S. Air Force. Above, powerful General Electric turbojet is set up for test at G-E plant near Cincinnati.

MAKING WOOD SERVE AMERICA BETTER THROUGH FORESTRY RESEARCH

LEO A. ISAAC, research forester for U. S. Forest Service and world's leading authority on Douglas fir silviculture. The information developed through his 30 years of research at Pacific Northwest Forest and Range Experiment station has been reported in more than 50 publications and now serves as a basic guide for the management of Douglas fir.

scientists of the forest help grow more wood for tomorrow...

Forestry research has resulted in growing assurance that tree farms can always produce wood for use in lumber, paper, rayon, chemicals, and about 4,000 other products.

To supply America's increasing demand for wood, the nation's forestlands must be kept productive by growing timber in repeated crops. Toward this end, forest scientists in industry and government are working together to acquire a more accurate knowledge of tree life through research. Typical of the men in this field is Leo A. Isaac, research forester and world-recognized authority on Douglas fir. His studies in seed distribution, natural reforestation and harvesting methods have helped establish basic forest management practices used in the Douglas fir region.

Today, forestry research programs are concerned with improving both the quality and quantity of future timber crops. The effect of seed selection, forest soil, pruning and thinning upon tree growth is under concentrated study. As a result of these experiments, America's 7,000 private owners of industrial tree farms will be able to grow *more* wood per acre for the forest products of tomorrow.

Weyerhaeuser Timber Company maintains a large forestry research staff to develop methods used in managing its forestlands as tree farms. *For free literature on tree farming, write us at Box A, Tacoma, Washington.*

Weyerhaeuser Timber Company

WEYERHAEUSER

4 SQUARE

Washington Whispers®

[Items appearing on this page are reported in Washington and other news centers]

Reds Sure U. S. Will Not Use H-Bomb . . . Ike Names 3 As '56 Prospects . . . 2 Billions for Politics on TV

Highest-ranking British diplomats, in private, say that the "cold war" is back because President Eisenhower, at Geneva in July, convinced Nikita Khrushchev that U. S. would not use its hydrogen weapons. Reassured on that point—which was the only one bothering them—Communists started pushing again.

★ ★ ★

A new note is creeping into some of the comments of the President's closest friends. It goes like this: "I would rather have Ike as an elder statesman for 15 years than as a second-term President for two years."

★ ★ ★

Earl Warren, Chief Justice of U. S., no longer is being mentioned, even in passing, as a potential Republican nominee for the Presidency in 1956. Mr. Warren still is standing on his statement of last April categorically refusing to be a candidate. Politicians agree that Mr. Eisenhower under no circumstances would ask the Chief Justice to run, and that a draft move not inspired by Ike would have no chance.

★ ★ ★

President Eisenhower said to a recent visitor who was telling him why his party depended upon him to run again: "Now wait a minute. I am not the only leader in the Republican Party." Ike then went on to name Richard Nixon, Vice President; Christian Herter, Governor of Massachusetts, and Herbert Hoover, Jr., Under Secretary of State, as three young Republicans qualified to serve as President.

★ ★ ★

Sir Anthony Eden, Prime Minister of Britain, will visit President Eisenhower in Washington before receiving the Soviet Union's Khrushchev as his guest in London. Sir Anthony is not so sure as he recently was that Britain can really do business with Soviet leaders.

★ ★ ★

German officials are complaining that the French Foreign Legion is trying to recruit German youths from refugee camps in West Berlin and that Americans are trying to recruit some of these youths to act as undercover agents on missions into the Soviet zone.

★ ★ ★

Mr. Eisenhower's announcement of his political plans is expected to be timed with presidential-preference primaries that start in March. Ike's announcement is expected before the New Hampshire primary of March 13. If it should be delayed beyond that date, politicians will interpret the delay as a decision on the President's part to accept a draft.

★ ★ ★

Harry Truman, former President, is showing less and less enthusiasm for Adlai Stevenson for the Democratic nomination and more interest in New York's Governor Averell Harriman. Mr. Truman is reported to prefer the Harriman line of personal attack upon Republicans.

★ ★ ★

Strong personal attacks upon Vice President Nixon and others in the Eisenhower Administration, made by Governor Harriman of New York, definitely are getting under the skin of President Eisenhower. The President feels that the attacks are unfair to the members of his "team."

★ ★ ★

George Humphrey, Secretary of the Treasury, has convinced the President that he should go slow in suggesting any substantial reduction of taxes on 1956 incomes. The idea is that if the White House suggests lower taxes Congress might be inclined to run away with cuts. If such a move is resisted, then tax cuts might be held to modest amounts.

★ ★ ★

Ezra Benson, Secretary of Agriculture, is due to get a butter problem back on his doorstep by next spring. Secretary Benson thought that the butter-surplus problem was licked until dairy farmers, trying to keep up their income from lower-priced butterfat, stepped up milk production. Now Mr. Benson is buying butter again to support the lower price.

★ ★ ★

The name of Milton Eisenhower, brother to the President, keeps cropping up as a potential Republican nominee in 1956. Republican Party leaders attribute many of the suggestions to Citizens-for-Eisenhower groups that played an important part in the 1952 campaign.

★ ★ ★

Thomas Dewey, former Governor of New York, twice nominated and twice defeated for the Presidency, is being watched very closely by important Republican politicians to discover whether he might become interested in the 1956 nomination.

★ ★ ★

Political parties expect next year to spend around 2 billion dollars apiece for time on television. Plans are for a short campaign emphasizing television appearances.

★ ★ ★

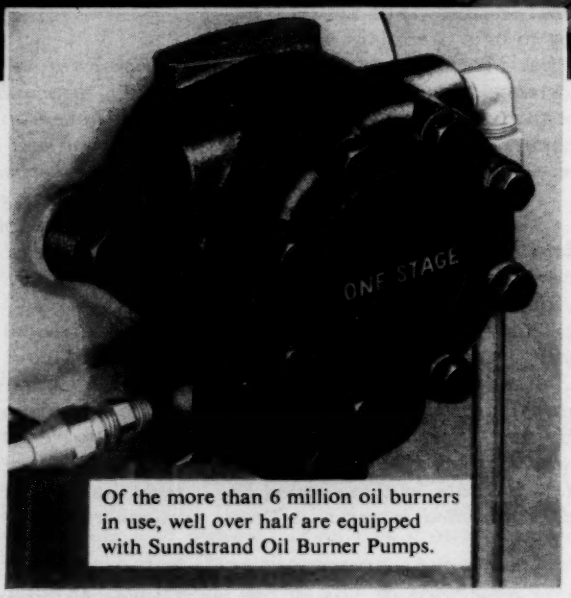
Premier Gamal Nasser of Egypt, Bonn officials fear, has promised Soviet leaders that, in addition to cash payments, he will extend recognition to the Communist regime of East Germany in return for arms. This recognition, if extended, would be regarded by West Germans as a serious affront.

Grandpa's furnace wasn't fun . . .

here's a better way

Sundstrand Oil Burner Pumps have made automatic oil heat an important part of America's high standard of living . . . and helped put the rumpus room on the map. Areas of family fun have expanded, thanks to clean, compact modern heating units and Sundstrand's "Engineered Production" Service.* At the "heart" of America's best known oil burners are fuel pumps by Sundstrand . . . individually tested and *certified* . . . further assuring the dependability and satisfaction of oil heating. Perhaps Sundstrand's *creative* engineering can serve your business, too!

*Reg. U. S. Pat. Off.



Of the more than 6 million oil burners in use, well over half are equipped with Sundstrand Oil Burner Pumps.

SUNDSTRAND

SUNDSTRAND

. . . a name to remember in your business, too!

SUNDSTRAND MACHINE TOOL CO.
Rockford, Illinois

Aircraft Hydraulic Constant Speed Drives and Pumps • Lathes, Milling, Broaching and Special Machines • Industrial Hydraulic Valves and Pumps • Domestic Oil Burner Pumps • Magnetic Chucks and Coolant Separators • Air Sanders

WHAT THE AFL-CIO MERGER MEANS

Effect on Skilled Workers . . . Nonunion Labor . . . Employers . . . Consumers . . . Political Parties

The most powerful labor force in U. S. history has been created by the union of 15 million members of the AFL and CIO.

Decisions and actions of this combine can have a profound effect on the economy and politics of the nation.

The effects will be felt by almost every person and in every section of the country.

Within the unions themselves, some workers will feel better off. Others are going to face new problems, which could become acute for everybody in hard times.

The meaning of the merger, now and in the future, is explored in this survey.

Just about everyone, as time goes by, is going to feel in a personal way the effects of the merger of most American labor unions into one big combine.

Housewives will feel the effects in living costs. Taxpayers will get the impact as the increasing political power of organized labor is translated into Government policies and tax rates.

Younger people, more and more, will have to make their work conform to union rules and practices. Older workers will seek increasing security through seniority rights and pensions while their juniors take on more of the risks of economic uncertainty.

The differential between pay for the expert craftsman and pay for the unskilled workman will tend to level out.

Farmers can expect a continuing rise in the cost of processing and handling of farm products, tending to keep up the price squeeze on the farm.

Employers, of course, will feel the first, and probably the hardest, repercussions as unions get bigger, more powerful, richer.

Demands for pay raises, a 35-hour workweek, fringe benefits, guaranteed annual wages, higher taxes on business to pay for more social benefits—all these can be expected to grow and to be backed by increased bargaining power.

Organizational drives will take on steam among the 26.3 million who are not yet unionized in those industries where the door is more or less ajar.

Rise in power. The fact of one big federation of unions representing 15 million workers is accepted both by labor leaders and employers as of far more than academic importance.

That fact is impressing itself upon political leaders as well. It was not just a social nicety that, when the AFL and the CIO completed their merger in the week of December 5, the top political leaders of the nation, from both parties, hastened to extend their greetings.

In 20 years, organized labor had come a long way in building its political and economic power. In Washington, any politician can literally see that power as he watches the building of massive union headquarters, each worth millions of dollars, throughout the capital.

Back in 1933, the country's unions were weak and close to bankruptcy. Most of them were craft unions.

The depression had depleted treasuries. Wage rates had been pushed down and down. Times were hard when John L. Lewis saw the opportunities in Section 7A of the National Industrial Recovery Act of that day. Section 7A guaranteed to workers the right to organize without employer interference. The Wagner Labor Relations Act of 1935 implemented this guarantee. The Government undertook, in years that followed, actively to promote the organization of workers into unions.

Then the Congress of Industrial Organizations was born, under Mr. Lewis's leadership. At the time, industry-wide unions were few. CIO set out to organize the mass-production industries. An era of strikes ensued. But, in the end, autos, steel,

—USN&WR Photo

GEORGE MEANY AND WALTER REUTHER
. . . more money, more members, more power

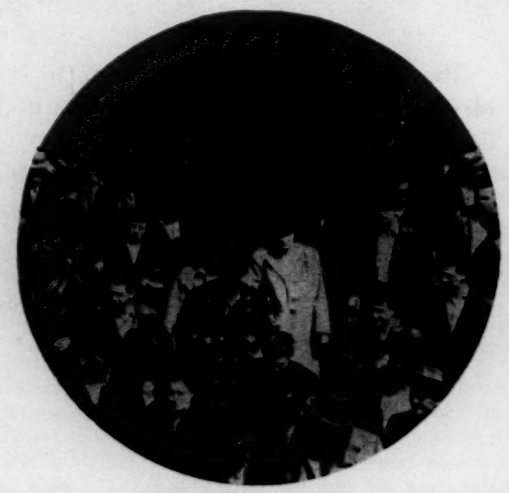
HOW BIG CAN LABOR

Out of a total labor force of 67.2 million workers—*

In unions now . . . 16.8 million workers, or

Includes 15 million in AFL-CIO; 1.8 million in other unions

In fields where unions may recruit new members . . . 26.3 million workers, or



Includes all nonunion workers in business and industry. Among organizers' "targets" are 7.8 million office workers; 7.5 million retail-store workers; 612,000 textile-mill workers; 356,000 chemical-plant workers.

*Excludes 3 million in armed forces.

Basic data: BLS

electrical equipment, oil and other great industries, all were organized.

Men and tactics. Today, two decades later, when the two great labor organizations merge:

- Craft unions, 20 years ago the dominant type of union, cover only 5 million of the 15 million workers going into the new federation.
- Industrial unions, few and far between prior to New Deal days, now cover more than 10 million workers and will, in effect, dominate the policies and thinking of the new organization.

Unions today aim their appeal at the great mass of workers. The skilled crafts, once the center of union attention, tend to tag along, seeing their former advantages over the ordinary worker leak away.

A change, too, has come about in top leadership as the big over-all organization becomes a holding company for the major unions of the U. S.

George Meany, president of the combine, becomes the world's most powerful union leader. Mr. Meany, who rose from the Plumbers Union, a craft group, is considered conservative, by some union leaders, and to be of the old school. Yet he differs from that school in that he favors use of political power by unions to gain their economic ends.

Walter Reuther, who became head of the industrial-union section in the merger, is to be the under-the-surface power. A former Socialist, Mr. Reuther is active in the so-called left wing of the Democratic Party. He is ambitious, aggressive, very much on the side of pushing hard on both organization and politics.

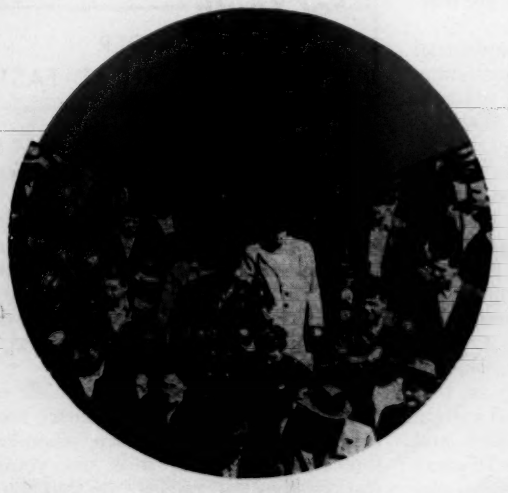
John L. Lewis, who started it all, is in ill health at the age of 75. He still heads his United Mine Workers and a fringe group of unions in District 50. But Mr. Lewis and his miners are not in the AFL-CIO merger. And much of Mr. Lewis's own power has faded.

For Employers
THE MERGER MEANS HIGHER LABOR COST

The difference that the joining of the AFL and CIO will make to the country's employers has been calculated fairly precisely by industrial economists. On balance, most employers are likely to find that the merger will make life harder for them.

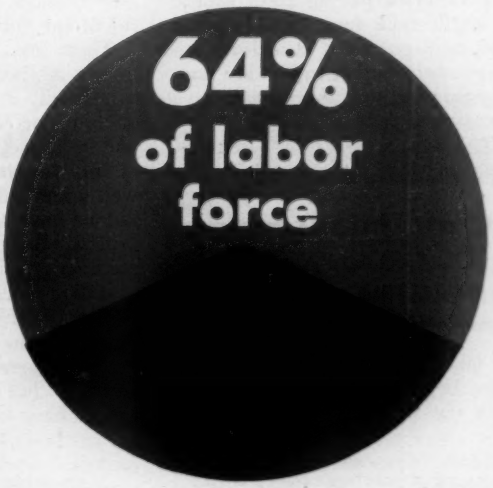
UNIONS GET?

In fields where unions are not likely to grow . . . 24.1 million workers, or



Includes 6.9 million farm workers; 6.1 million professional and technical workers; 2.4 million household and unpaid family workers; 6.6 million other workers, such as Government officials, etc.; and unemployed persons.

Present and potential union membership thus includes



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Unions will be bigger, more powerful, richer. They will be able to afford longer, more-costly strikes.

There are employers who would prefer to deal with one union covering all the employes in their plant, rather than with a dozen different craft unions. But most employers are likely to find that leaders of larger unions will be competing against each other even more than in the past.

Many of the smaller unions will become parts of big unions. As the unions get bigger, their leaders will have more power. They will want to make names for themselves, win spectacular pay raises for their members. So industrial experts reason.

For years, this kind of competition has gone on between the auto and steel unions. If one managed to get a big pay raise, the other tried to top it. Now, with more big unions emerging, more leaders will want to get into the act.

Then, as the unions grow in membership, strike funds will get bigger. If a union decides to strike in an effort to force a big pay raise from an employer, it will have the money to pay strike benefits over longer periods. Or the striking union can get more money from another, bigger union. Some of the richer unions could donate a million dollars without even looking at the bank balance.

Smaller employers are likely to feel the weight of such union wealth more than are the big employers. They will be dealing with workers who, in effect, are better heeled than the "boss." Today, smaller concerns may be bargaining with small, poor unions. Tomorrow, as little unions combine and get help from big unions, they will have more money and more leadership to pour into a strike against a single company.

Frequently a union can "make an example" of a specific concern in its industry, force it to make wage concessions that will serve as a "pattern."

New fields to conquer. There will be bad news for many employers in the organizing drives that are being forecast by AFL-CIO leaders. The new federation is talking about recruiting members in textiles, plastics, lumbering and chemicals. Other drives are promised among white-collar workers.

Southern employers, generally, will bear the brunt of the organizing drives in the months to come. The drives may

[continued]

WHAT THE AFL-CIO MERGER MEANS

mean some prolonged strikes, heavy costs for business.

AFL-CIO strategy will be to aim its drives at specific industries, rather than to announce "invasions" of geographical areas. It just so happens that many of the industries that union leaders are watching are in the South. So the South is sure to be the area of greatest organizing effort.

Not all employers will be unhappy about the organizing drives. There are some who are operating under stiff union contracts in fields where many of their chief competitors are paying lower wages. Northern textile mills long have felt that their union rates put them at a disadvantage when many Southern mills are non-union, or only partly unionized, and have lower labor costs.

The differential, however, has been getting smaller in recent years.

For Craft Unions

LOSS OF GROUND TO INDUSTRIAL WORKERS

On the labor side, a good many skilled workers are beginning to think that they are getting the short end of the merger "benefits."

Craft unions, composed of skilled workers, will be outvoted by the industrial unions in the AFL-CIO combine. As you can see from the chart on page 28, the craft unions represent only about one third of the federation's total membership. The other two thirds will be in former CIO industrial unions or in AFL unions that have branched out to take in all workers in a shop or factory.

It is the expansion of AFL unions on a plant-wide basis, along with development of the CIO industrial unions, that has put skilled workers in a minority position.

These craftsmen have obtained promises from top leaders in the new federation to the effect that any organizing drives by AFL-CIO will be subject to mutual consent of unions involved. Nevertheless, craft-union leaders are fearful of the future.

They are afraid that the industrial unions will vote money for organizing drives only if all workers in one industry go into one big union. Result, they say, will be a leveling off of wage rates.

This leveling-off process is already well under way. Officials of the industrial unions have to try for contracts that will satisfy all—or, at least, most—of their members, from production-line polishers to skilled mechanics. There are more production workers than skilled mechanics, and they can force their leaders to slant wage settlements toward the unskilled.

What has been happening is that unions have been demanding and getting across-the-board increases. Skilled and unskilled workers alike get 10 or 15 cents more an hour. Thus the difference in pay of skilled and unskilled workers has been shrinking. In 1931, for example, the skilled worker averaged 80 per cent more pay than the unskilled. Now the difference is only 35 per cent.

Skilled workers feel that more industry-wide bargaining in the future will bring a further narrowing of the wage gap. They can't believe a union that represents all the workers in a factory will fight very hard to win for a few skilled workers twice as much money as most of the union's members get.

There is some prospect, labor-relations experts say, that the skilled craftsmen will break away from the new organization, form new craft unions.

For Youth

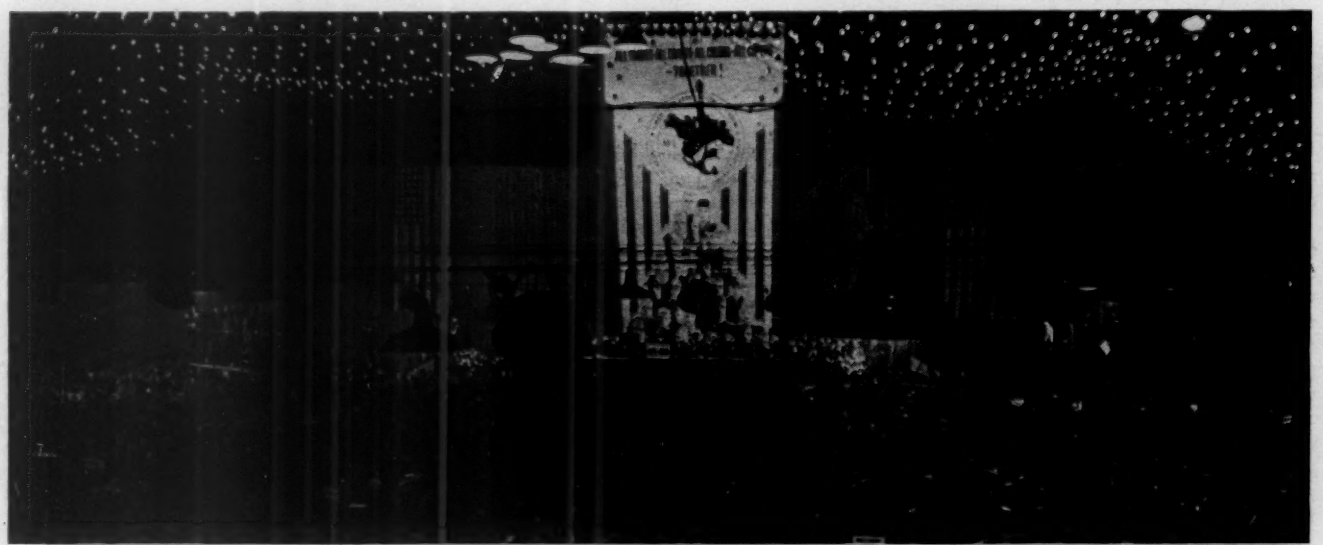
IT WILL BE HARDER TO MOVE AHEAD FAST

It is the young worker who may find himself caught most tightly as the power and sweep of the unions grow.

More and more contracts require that workers pay dues to a union after a certain time on the job. In theory, "closed shops," in most cases, are forbidden by law. "Union shops," in which workers must join the union to hold their jobs, are widespread.

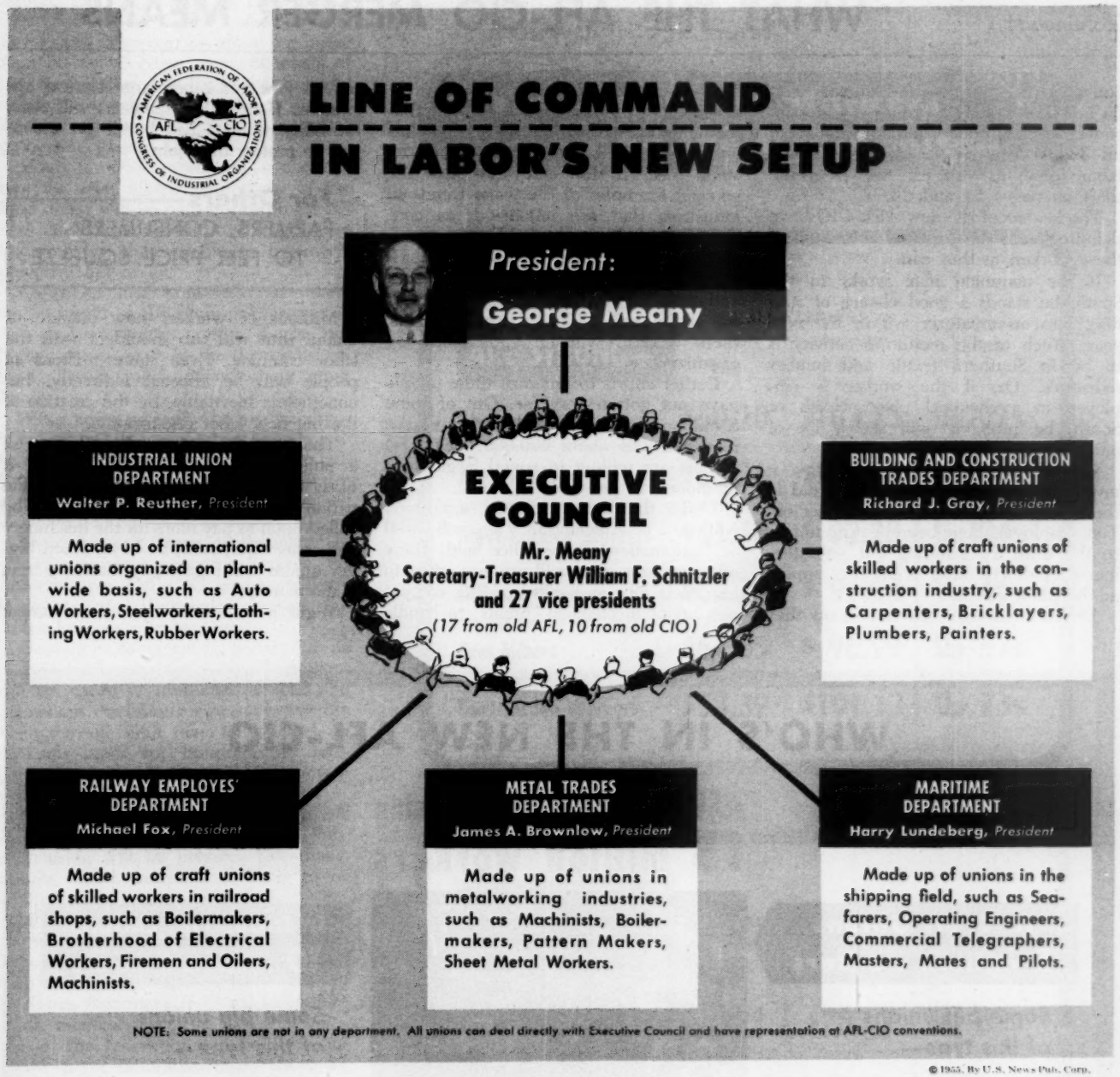
On the other hand, almost all contracts in union-organized industry recognize seniority in jobs. Hence, when labor forces are reduced, it is the younger worker—the last one to be hired—who is fired first. When labor forces are rebuilt, it is the young worker who is the last to be hired back.

This knowledge does not have much impact on a young worker who has never



—USN&WR Photo

SCENE OF THE MERGER, DECEMBER, 1955
In 20 years, organized labor had come a long way


LINE OF COMMAND
IN LABOR'S NEW SETUP
President:
George Meany
EXECUTIVE COUNCIL
Mr. Meany
Secretary-Treasurer William F. Schnitzler
and 27 vice presidents
(17 from old AFL, 10 from old CIO)
INDUSTRIAL UNION DEPARTMENT
Walter P. Reuther, President
Made up of international unions organized on plant-wide basis, such as Auto Workers, Steelworkers, Clothing Workers, Rubber Workers.
BUILDING AND CONSTRUCTION TRADES DEPARTMENT
Richard J. Gray, President
Made up of craft unions of skilled workers in the construction industry, such as Carpenters, Bricklayers, Plumbers, Painters.
RAILWAY EMPLOYES' DEPARTMENT
Michael Fox, President
Made up of craft unions of skilled workers in railroad shops, such as Boilermakers, Brotherhood of Electrical Workers, Firemen and Oilers, Machinists.
METAL TRADES DEPARTMENT
James A. Brownlow, President
Made up of unions in metalworking industries, such as Machinists, Boilermakers, Pattern Makers, Sheet Metal Workers.
MARITIME DEPARTMENT
Harry Lundeberg, President
Made up of unions in the shipping field, such as Seafarers, Operating Engineers, Commercial Telegraphers, Masters, Mates and Pilots.
NOTE: Some unions are not in any department. All unions can deal directly with Executive Council and have representation at AFL-CIO conventions.

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known a severe depression. It will come sharply to his attention in any depression of the future.

Under today's pension programs, as a rule, benefits favor older workers. This is true of Social Security, and company pension plans often work the same way. Older workers frequently become eligible for the equivalent of annuities of substantial value through payment of relatively few dollars of premiums in the form of payroll taxes.

What happens is that, to make these benefits possible, the younger worker must pay more and more for a much longer period. He may work for 45 years or more before becoming eligible for retirement.

Moreover, the seniority system tends to keep workers from shifting from one plant to another. Older men can't afford to move to another firm and start all over again at the bottom of the benefits list. So there are fewer chances for young men to move up to better jobs.

As some younger workers view the future, this system will become tighter, more widespread, as unions get bigger and fewer under the merger.

These younger men feel more and more hemmed in. They will almost have to join the union to hold a job. For years, they will have to pay so that older men can enjoy pensions. They will be vulnerable to layoffs until they achieve seniority.

For Unorganized
A BIG DRIVE TO GET RECRUITS

What about the industrial worker who does not belong to a union? Or the white-collar worker who is still not a union member?

All told, there are more than 26 mil-

[continued]

WHAT THE AFL-CIO MERGER MEANS

lion workers in business and industry who do not now belong to unions, and who could be recruited. These people make up 39 per cent of the country's whole labor force, as you can see from the chart on pages 24 and 25.

The leaders of the new AFL-CIO have definite plans to capture as many of these workers as they can.

If the nonunion man works in the South, he stands a good chance of running into an organizer within the next year. Much of the recruiting activity is to be in Southern textile and lumber industries. Or, if the worker is employed in a chemical plant, North or South, he probably will see a lot of union leaflets.

Of late, unions have been finding it much harder to recruit than they did in the 1930s. Workers are much better off. Too, employers have been beating unions to the draw by handing out voluntary increases shortly after organizers appear at the plant gates.

Under the merger, the unions say they are out to change this situation. New arguments will be presented to show that the nonunion worker, on the average, has not fared so well in pay raises as has the union man. In the chart on page 29, you get examples of the wage trends in industries that are unionized, as contrasted with those in fields with comparatively few union members.

White-collar workers, those in offices and retail stores, also are close to the top of the AFL-CIO list. In many cities, these workers will be approached by organizers.

Earlier efforts to unionize these people have not gotten very far. Out of some 8 million workers in offices, unions have recruited only about 200,000. AFL-CIO leaders are willing to spend large sums of money to get more of them.

Under the merger strategy, organizers will use a new technique. They will dwell on "automation" in the office field. Many office workers, they will say, are going to lose their jobs as banks and big companies adopt mechanical "brains" to handle payroll jobs and other large clerical operations. Hence, the organizers will urge, the office workers had better get unionized to protect their jobs.

For Others

FARMERS, CONSUMERS TO FEEL PRICE SQUEEZE

Millions of workers now outside of unions thus will rub shoulders with the labor combine. Even more millions of people will be affected indirectly, but nonetheless inevitably, by the creation of the big new labor organization.

The farmer, sometimes looked upon as a political teammate of the worker, is likely to get an even smaller share of the nation's food dollar. He may also be called upon to pay more for the machinery and other equipment he buys, when bigger unions win bigger pay increases from manufacturers.

Right now, according to Government

WHO'S IN THE NEW AFL-CIO

AFL-CIO Total Membership
15 million workers

In Craft Unions
5 million workers

Some big unions of this type—

Carpenters	750,000
Electricians	460,200
Plumbers	200,000
Painters	182,100
Boilermakers	150,700
Bricklayers	120,400

In Industrial Unions
10 million workers

Some big unions of this type—

Auto Workers	1,330,000
Teamsters	1,229,000
Steelworkers	1,194,000
Machinists	626,900
Clothing Workers	385,000
Electrical, Radio & Machine Workers	362,000

Basic data: AFL-CIO

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figures, the farmer gets 40 cents out of every dollar spent for food raised on U. S. farms. Ten years ago his share was more than 50 cents. Now, some 60 cents of the food dollar goes to processors and handlers. A good part of this is paid to workers in trucking firms, railroads, processing plants.

What farmers are concerned about is that an even higher percentage of the food dollar will be paid out to processors and handlers as the result of wage raises obtained for their employes by more-powerful unions.

Consumer and housewife are likely to be caught in the same price squeeze. As stronger unions force wages up, higher prices may be in the cards for food, clothing and a good many other things.

What comes next? The increased political power of union labor quickly will be directed at Government economic policy. The union combine will come up with many plans for new legislation, all of which will cost a lot of money.

Then, when it comes to the effect of new Government spending on the tax structure, the AFL-CIO leaders will try to see to it that the burden does not fall on the lower-bracket taxpayer.

Disability insurance is certain to be pushed hard, over the years. First stress will be placed on insurance for total and permanent disability for persons over 50. Then the age limit may be lowered, or demands made for insurance for temporary disability. This would be a form of sickness insurance.

The new federation undoubtedly will seek bigger unemployment benefits. Public housing will be pressed. Eventually, straight health insurance is likely to be on the list.

More union protection will be demanded: abolition of the Taft-Hartley Act, which in theory bars the "closed shop"; an end to "right to work" laws in 18 States that make it illegal to require union membership.

Too, the federation will seek an increase in the minimum wage, above $1 an hour.

In Politics

MERGER WILL HELP DEMOCRATS MOST

It is being taken for granted that labor's new power in politics will be used largely on behalf of Democratic candidates, from the presidential race on down.

The Democrats are so sure of that prospect that they are enthusiastic about the new AFL-CIO. A good many Republicans are critical.

(Continued on page 30)

Postwar Wage Hikes

For Organized Workers And the Unorganized

WHERE UNIONS ARE STRONG—	WEEKLY EARNINGS September 1946	WEEKLY EARNINGS September 1955	PER CENT CHANGE
Steelworkers	$50.20	$103.75	Up 107%
Auto Workers	$53.26	$ 97.16	Up 82%
Meat Packing Workers	$41.18	$ 92.23	Up 124%
Railroad Workers	$62.24	$ 91.04	Up 46%
Coal Miners	$61.65	$ 96.99	Up 57%
Construction Workers	$58.39	$101.13	Up 73%

WHERE UNIONS ARE WEAK—	WEEKLY EARNINGS September 1946	WEEKLY EARNINGS September 1955	PER CENT CHANGE
School Teachers	$43.23	$78.63	Up 82%
Federal Government Workers	$51.40	$84.48	Up 64%
Retail Trade Workers	$37.88	$59.82	Up 58%
Textile Mill Workers	$38.39	$57.53	Up 50%
Laundry Workers	$30.45	$40.70	Up 34%

Wage data: BLS

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[continued]

WHAT THE AFL-CIO MERGER MEANS

Politicians of both parties are awed by the might that such an organization can exert at the polling place if workers accept political guidance from labor leaders. Labor leaders say privately that they expect the merger to bring bigger long-term results in the political arena than anywhere else. The day when organized labor maintained an appearance of neutrality in politics definitely is gone.

Here, in the view of the labor leaders, are the advantages that one big union offers them in making their political influence felt:

- More money in a single kitty. Sometimes, as separate political groups, AFL and CIO worked against each other, backed different candidates. Now leaders can pool big money behind one man or cause. The prospect is that unions will spend much more in 1956 than the 2 million dollars they put into political action in 1954.
- More influence at the Democratic Convention as a merged federation than as separate groups. AFL-CIO leaders will appear as spokesmen for 15 million members, although conceding they cannot guarantee how all will vote. They will represent the biggest block of labor votes ever known in the U. S.
- Unified pressure against so-called antilabor candidates. The new organization can put out a single "black list," containing voting records of members of Congress on issues that labor considers critical. In the past, the AFL and CIO lists did not always match. This led to confusion among labor voters.
- More efficiency for labor's political machine. Attention can be concentrated on one drive, one set of leaflets, one series of TV shows, one army of doorbell ringers, instead of on divided efforts by separate groups.

On the minus side, some differences will carry over. Top officials were unable to agree on a single director for the political committee, so it will have a joint command: James L. McDevitt, of AFL, and Jack Kroll, of CIO. Hence there may be a tendency for AFL unions to work with Mr. McDevitt, CIO unions with Mr. Kroll. Confusion could result.

Differences over strategy and methods may arise. Many in the old AFL did not like the way CIO's Political Action Committee operated. The PAC staff, on the other hand, considered AFL methods "unimaginative." The conflicts are likely to continue, and the old AFL policy may prevail for the time being.

How far left? A question that persists is whether Mr. Reuther, long considered "too radical" by some AFL leaders, can swing the new federation to the left, and, if so, how far.

In the past, AFL policy has been to stay "neutral" and to endorse some Republicans, as well as Democrats, for congressional races.

That policy was reaffirmed at the merger convention. Delegates approved a resolution ordering officials to avoid entangling alliances with other groups. The new AFL-CIO pledged itself to support "worthy candidates regardless of their party affiliation."

In 1956, the former AFL group on the new federation's executive council may be able to keep the organization "independent," in name at least. Nevertheless, it is confidently expected that both Mr. Meany and Mr. Reuther will line up for the Democratic candidate for President. Mr. Meany has been critical of what he calls the "big-business friends" of the Eisenhower Administration. "They are not our friends," he says.

Next November, the influence of the labor leaders will be tested by the votes of most of America's union workers, joined for the first time in a single organization.

More Money in Pay Envelopes— More "Fringe" Pay, Too

(Average factory worker, per week)

	1947	NOW*
Regular pay	$49.97	$76.52
"Fringe" pay	$ 5.39	$12.99
TOTAL pay	$55.36	$89.51

*Estimated 1955 average

What "fringes" include: profit sharing, bonuses, holidays, vacations, sick leave, contributions to retirement funds, employers' Social Security taxes and, in some companies, payments to support "guaranteed wage" plans.

Basic data: Bureau of Labor Statistics, Chamber of Commerce of U. S.

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For the Future

PAY AND PRICES— BOTH TO STAY HIGH

What happens if there is another big depression? Here are the prospects, with labor united in one big combination:

Employers are likely to find that wage rates will be rigid. In the past, a depression or even a severe recession has meant downward wage adjustments. The pay raise of the past has tended to become the pay cut of the future.

Now, union power will be consolidated to resist that trend. Pay that goes up is likely to stay up. Prices, too, will stay up, or be reduced with difficulty. The result will be greater rigidity in the economic system.

Rigid pay at high levels, in time of trouble, will put a big premium on reduced use of labor. Employers, caught, may have to cut payrolls sharply. This could mean greater unemployment than otherwise would be the case.

Then the still-powerful unions, faced with idleness for their members, would feel free to press the Government for vast programs of public works. For those still employed, shorter and shorter hours—perhaps going even below the 35-hour week—would be demanded, with no cut in pay.

In such a period, the political tendency would be for Government to grow, to expand its activities in many fields. Considerations like a balanced budget would take on less and less importance in the eyes of workers and voters. And a solid block of 15 million or more union members would be in a position to call many a turn.

What five political leaders, including President Eisenhower, told the new AFL-CIO starts on page 130.

How to fulfill $10,000 worth of dreams for your family...on a pennywise budget

New York Life's new low-premium WHOLE LIFE coverage gives your family face amount protection of at least $10,000 now—assures funds for their education, home, careers—or your own retirement!

Now you can assure your family enough cash to help realize their most important hopes for the future—without sacrificing living standards today.

The $10,000 minimum face amount of this new Whole Life policy makes economies possible which are passed on to you in lower premiums—premiums that will fit easily into almost any young married couple's budget. At the same time, the generous face amount can provide sufficient funds to keep the home in the family if you should die . . . or help the children get their education . . . or start them out on their careers.

While you live, Whole Life rapidly builds high cash values that can provide immediate money for an emergency. And at retirement age, if you've kept your policy in force it can pay you a *monthly income for life!* Ask your New York Life agent about Whole Life now—or mail the coupon.

$10,000 MINIMUM FACE AMOUNT

Whole Life is especially attractive from a net cost viewpoint. It is issued to age 70 and is usually available at higher rates to persons who cannot qualify for insurance at standard rates due to health or occupation.

LOW PREMIUM RATES

Annual premium per $1,000 for standard Whole Life insurance is only $17.59 at age 25; $23.59 at 35; $33.64 at 45. Waiver of premium and double indemnity benefits are available at most ages at slightly higher rates. Dividends can be used to reduce premium payments.

BUILDS CASH VALUES FAST

Cash and loan values accumulate rapidly—equal to the full reserve at the end of the seventh year; i.e.: Seventh year cash value per $1,000 taken out at age 25 is $92; at 35, $123; at 45, $164.

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NEW YORK LIFE
INSURANCE COMPANY

nylic

Dept. U-17, 51 Madison Ave.
New York 10, New York
(In Canada: 320 Bay Street, Toronto, Ontario)

Please send, without any obligation, full information on your new Whole Life insurance policy.

Name_____ Age____

Address_____

City_____

Zone_____ State_____

HOW THE POLLS ARE RUNNING IN THE FARM BELT

Republicans in Real Trouble With the Farmer

Republican danger signals are flying in the farm States.

Opinion polls show wheat and corn-hog farmers are saying nice words about the Democrats.

The studies may be taken as a vote threat for '56.

Republicans are getting a real scare when they look at the polls of Middle Western farm sentiment. They fear that the farm vote is slipping away from them in that region. Sometimes, as in 1948, this has meant catastrophe for the Republicans.

One Republican, after a personal tour of the Middle West, reports his party is going to lose a good many seats in the next Congress. Another is urging that the party rally back of Secretary of Agriculture Ezra Taft Benson. Behind the scenes, there are demands that the Secretary resign. Mr. Benson says flatly he will not quit unless President Eisenhower asks him to do so.

Grass-roots change. Polls reflecting the shift in farm sentiment are shown in the charts on pages 32, 33, 34 and 36. These come from the corn-hog States of Minnesota and Iowa, from Nebraska and South Dakota wheat and hog regions, and from Wisconsin's dairy lands. They show a rising discontent among farmers at the "low prices" they are getting for the products they have to sell and the "high prices" they pay for what they buy.

National and regional polls taken by Dr. George Gallup's American Institute of Public Opinion reflect the changing attitude of the farmers no less than do these State and local polls. The Gallup Poll reported recently that 56 per cent of Middle Western farmers are dissatisfied with the way the Republican Administration is handling the farm problem.

On a national basis, the Gallup Poll reported that 55 per cent of the farmers now feel that the Democratic Party would serve their interests better than does the Republican Party. This is a rise

MINNESOTA:

Big Shift Among Farm Voters

QUESTION:

Which party would you personally prefer to see win the Presidency?

Farm Voters	Dec., 1954	July, 1955	Sept.-Oct., 1955
Prefer Democrat	47%	46%	53%
Prefer Republican	44%	47%	34%
Depends on candidate, or no opinion	9%	7%	13%

From Minnesota Poll, published by Minneapolis *Tribune*.

WISCONSIN: More Complaints From Farmers

Q: Farmers were asked their opinion of the job being done by Ezra Taft Benson as Secretary of Agriculture.

	July, 1953	September, 1954	September, 1955
Doing good job	30%	14%	12%
Doing fair job	42%	38%	34%
Doing poor job	13%	37%	45%
No answer	15%	11%	9%

From Wisconsin Agriculturalist Poll, published by the magazine, *Wisconsin Agriculturalist and Farmer.*

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of 5 percentage points in Democratic strength among farmers since 1952.

Republican strength. In the Middle West, Democratic gains among farmers have been somewhat offset by Republican strength in towns and cities. This difference is shown in detail in charts of the Minnesota and South Dakota polls. The Gallup polls indicate that despite a dissatisfaction of 56 per cent of the farmers with the Republican Administration, 52 per cent of Middle Western voters would vote for Republican members of Congress if elections were held today.

Yet the 52 per cent of Middle Western voters is not enough of a voting margin to give Republicans control of Congress. It is the same proportion of the Middle Western vote Republicans got in 1954, when they lost both the House and the Senate to the Democrats. What happens

Q: Do you think the Republican Administration has dealt fairly or unfairly with the farmer in the United States?

70% of the farmers questioned answered: "Unfairly."

46% of all voters questioned answered: "Unfairly."

Q: It has been suggested that the Federal Government help out the farmers, and at the same time help to prevent crop surpluses, by renting part of the farmers' acreage and not planting crops on that land ("soil-bank plan"). Does that idea seem to you to be a good one or a poor one?

	City Voters	Town Voters	Farm Voters
Good	28%	28%	31%
Poor	61%	64%	58%
Qualified, or no opinion	11%	8%	11%

Q: Do you think the farmers of the United States would be better off or not as well off — or would things be about the same — if we had a Democratic Administration in Washington?

	City Voters	Town Voters	Farm Voters
Better off	30%	32%	49%
Not as well off	10%	7%	8%
About the same	49%	56%	40%
Qualified, or no opinion	11%	5%	3%

Q: Do you approve or disapprove of Ezra Benson as U.S. Secretary of Agriculture?

Farm Voters	Sept.-Oct., 1954	Sept.-Oct., 1955
Approve	26%	22%
Disapprove	54%	73%
Qualified, or no opinion	20%	5%

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IOWA:

The Growing Headache of Farm Prices

Q: Should the Government plan to support hog prices so that the average price to farmers would not drop below $17 a hundred at Chicago?

	May, 1955	August, 1955
Yes	55%	63%
No	35%	27%
Undecided	10%	10%

Q: Which of the following problems do you think is the biggest one facing the United States today?

	1954	1955
Peace	60%	54%
Unemployment	5%	5%
Farm prices	12%	27%
Communists	23%	14%

Both of above questions from Wallace-Homestead Poll of farmers, conducted by *Wallace's Farmer and Iowa Homestead.*

Q: Farmers were asked whether, in their view, the "soil-bank plan" would reduce farm surpluses enough to bring higher prices to farmers.

(Under this plan, the Government would rent part of the farmer's land and take it out of production.)

	All Farmers	Farmers With Less Than 100 Acres	Farmers With 100 to 179 Acres	Farmers With More Than 180 Acres
Yes	42%	52%	41%	38%
No	46%	37%	45%	53%
No opinion	12%	11%	14%	9%

From Iowa Farm Poll, in *Iowa Farm and Home Register*, a supplement to the Des Moines *Sunday Register.*

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is that the Democrats can count on going into a congressional election with a solid bank of almost 100 House seats from 11 Southern States. Republicans have to get considerably more than an even break outside these States if they are to capture Congress. And a good part of the Republican winnings have to come from Middle Western farmers. Present samplings indicate that there must be a change among farmers if Republicans are to get their vote in 1956.

How farmers feel. A Minnesota poll shows a majority of participating farmers would prefer to have a Democrat win the Presidency in 1956. By about 3 to 1, they disapprove of Secretary Benson and think farmers have been treated unfairly. By almost 2 to 1, they think it is a poor idea to get land out of production by renting it to the Government, as some farm planners have proposed in their suggestions for a "soil bank."

The feeling against Republicans was less acute in Minnesota cities and towns than among farmers. When the opinions of all voters in the poll were considered, Democrats held a lead of only 1-percentage point over Republicans in Minnesota, with 15 per cent of the voters undecided. On this basis, the Republican vote in the poll stood at the same point it did in 1954 when Democrats elected a Senator and 5 of the 9 House members, and got a majority of the State's vote.

At the local level in Minnesota, Clem Mertesdorf, a farmer in Blue Earth County, polled his neighbors and reported to the Senate Agriculture Committee that 76 per cent of them thought Mr. Benson was doing a poor job. He said 79 per cent of them wanted to go back to a floor at 90 per cent of "parity" under farm prices. In this particular area, Mr. Mertesdorf said, the vote was 3 to 1 for Republican candidates in 1952.

Top problem—prices. In Iowa, 63 per cent of the farmers polled said they wanted at least 80 per cent of parity on hogs they sell. There now is no price support on hogs. Next to peace, Iowa farmers listed the problem of farm prices as the top problem in the nation today. A majority called it a poor idea to have the Government rent land to take it out of production. Almost twice as many farmers demanded a change in the farm program as were satisfied with it.

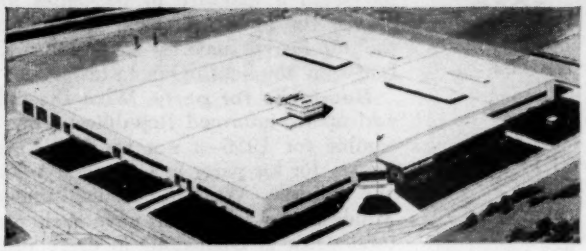
In spite of the fact that 31 per cent of the Iowa population lives on farms and the farm vote often decides elections there, it would take a drastic change of voter opinion to shake Iowa loose from the Republicans. Mr. Eisenhower got 64 per cent of the vote there in 1952.

In the dairying regions of Wisconsin, Mr. Benson is regarded a little more favorably. Here, 46 per cent of the

(Continued on page 36)

IF THERE'S A SELF-TAPPING SCREW USED IN YOUR PRODUCT...

THEN, P-K'S NEW HOME IS IMPORTANT TO YOU...



PARKER-KALON'S NEW HOME

More than six acres under one roof to provide better service for all your fastener needs in self-tapping screws, socket screws, screw nails, masonry nails, wing nuts and thumb screws.

Because it means that famous Parker-Kalon fasteners will be more readily available . . . because faster shipping and delivery will soon be possible . . . because more complete inventories, greater production space and adequate storage for raw materials will assure you of an even more reliable source of supply.

It goes without saying that in this new "Fastener Center," Parker-Kalon's long-established high standards of quality will be maintained. If you'd like to plan your assembly operations for maximum savings, take advantage of Parker-Kalon's new facilities and experienced personnel. Now, more than ever, *if it's P-K, it's O. K.!*

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SOUTH DAKOTA:

Trial Heats for '56

If it's Warren vs. Kefauver:

	All Voters	Farm Voters	City Voters	Town Voters
Warren	59%	40%	77%	71%
Kefauver	41%	60%	23%	29%

If it's Nixon vs. Kefauver:

	All Voters	Farm Voters	City Voters	Town Voters
Nixon	49.7%	35%	66%	57%
Kefauver	50.3%	65%	34%	43%

From poll conducted by Sioux Falls *Argus-Leader*, Rapid City *Journal* and Aberdeen *American-News*.

NEBRASKA:

A Switch in the Farm Vote?

Poll of farmers in 4 scattered precincts of Nebraska:

Among farmers who voted for Eisenhower in 1952—

62% expect to vote Republican in 1956
7% expect to vote Democratic in 1956
31% are undecided

Among farmers who voted for Stevenson in 1952—

85% expect to vote Democratic in 1956
15% are undecided

Farmers' comments on President Eisenhower:

Doing good job for farmers	59%
Not doing good job for farmers	22%
No opinion	19%

Farmers' comments on Secretary Benson:

Doing good job	32%
Not doing good job	40%
No opinion	28%

From poll conducted by Lincoln *Evening Journal* and *Nebraska State Journal*.

farmers think he is doing from a fair to a good job; 45 per cent think he is doing a poor job. The remainder did not answer. But disapproval here is up sharply from 1954 and 1953. Interestingly, Wisconsin farmers said they considered Charles F. Brannan, the Democratic author of a controversial farm plan in the Truman Administration, the best of recent Secretaries of Agriculture.

Nebraska studies reported opinion running about 4 to 3 against Mr. Benson. Here, 7 per cent of those who voted for Mr. Eisenhower in 1952 expected to vote Democratic in 1956, 31 per cent were undecided. There were none of the supporters of Adlai E. Stevenson in 1952 who reported themselves quitting the Democrats, but 15 per cent of the Stevenson voters said they were undecided how they would vote in 1956.

Waiting to see. Local analysts said that the fence-sitters in Nebraska are waiting to see what the Administration does about the farm problem, and that these may decide who gets the State's electoral votes in 1956. Yet it would take a real shift to give Nebraska to the Democrats. They have not captured the State since 1936.

In South Dakota, a series of newspaper polls showed Senator Estes Kefauver of Tennessee, as a Democratic candidate, would win the farm vote in proportions of 3 to 2 or larger over either Chief Justice Earl Warren or Vice President Richard M. Nixon for the Republicans. This result was regarded as stemming directly from present dissatisfaction over farm prices.

Yet, in the case of Mr. Warren, the preponderance of Republicans in the cities and towns of South Dakota still would give the State's electoral vote to the Republicans. Mr. Nixon would get too small a majority in the cities and towns, the polls indicated, to overturn the top-heavy majority given Mr. Kefauver by the South Dakota farmers.

Headache for party. What the polls add up to, informed Republicans say, is trouble for 1956—if not for Mr. Eisenhower, for his party in Congress. Among the Middle Western States, Illinois, Minnesota and Missouri gave their electoral votes to Democrats in every presidential election between 1936 and 1948, swinging their 51 votes to Mr. Eisenhower in 1952. In Michigan, Indiana and Ohio, with 58 more electoral votes, the farm vote is only 12 to 18 per cent of the whole, but this could prove a decisive vote in a close election.

Thus, Republicans are eying the polls with discomfort. Not only the Presidency, but a continued Democratic control of Congress after 1956 may be staked upon their present search for a remedy for the ills of the farmer.

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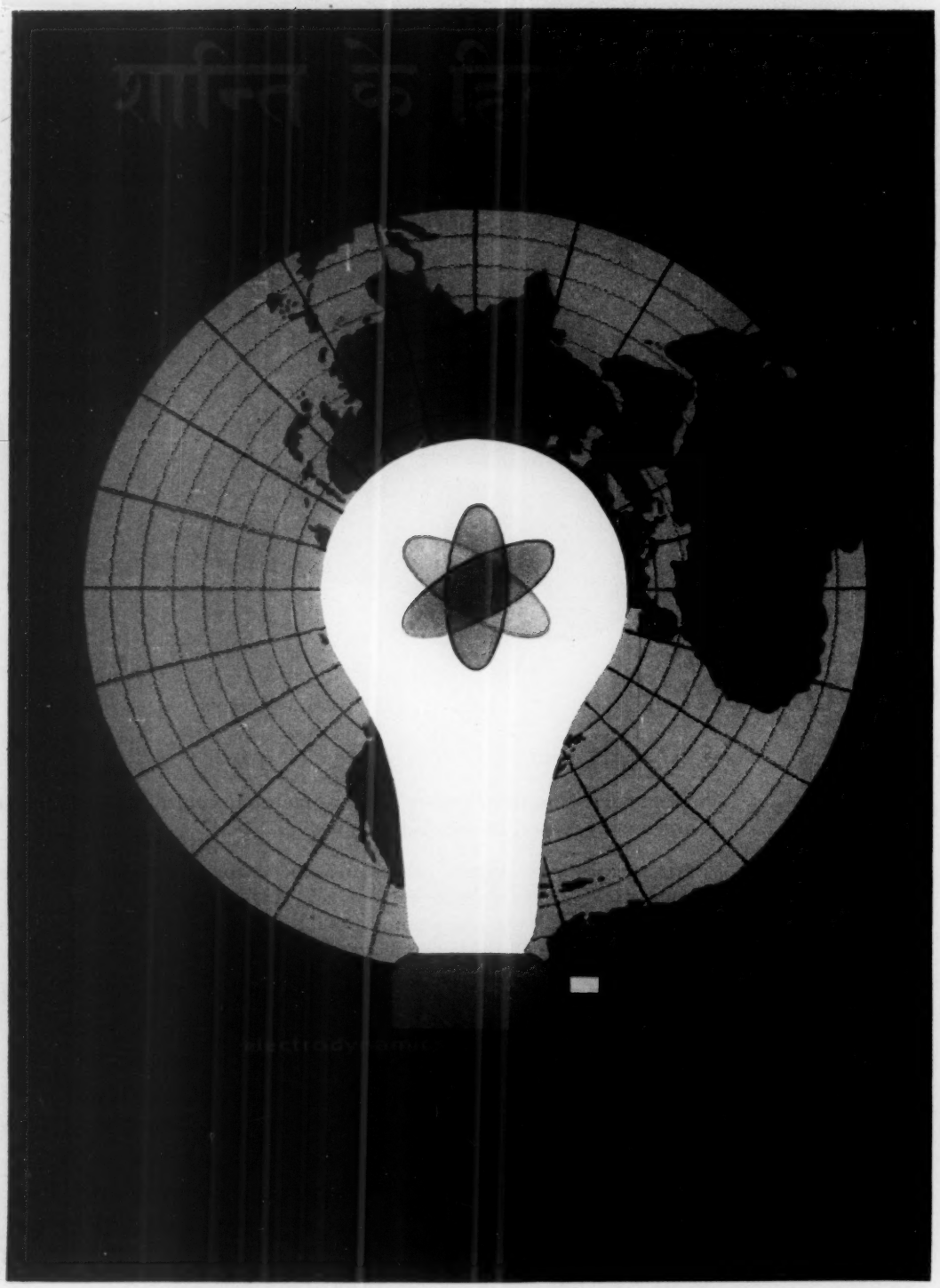
Fourth in the "Atoms for Peace" international poster series displayed by General Dynamics at Geneva. Americans, in the great tradition of free enterprise and democratic government, should grant to underdeveloped nations of the world the boon of industrial atomic power.



GENERAL DYNAMICS CORPORATION • 445 PARK AVENUE, NEW YORK 22, N. Y.

IT'S CHRISTMAS ALL THE TIME FOR U. S. PRESIDENTS

Gifts Keep Pouring In the Year Round

Presents arriving daily at the President's door are becoming more elaborate, more expensive than ever.

Mr. Eisenhower is being deluged with equipment for his farm and his hobbies, in addition to the food, clothing and 10-gallon hats that all Presidents receive.

A close look at Ike's incoming gifts shows what's happening.

GETTYSBURG, Pa.

A farm tractor valued at $4,000 recently was accepted by President Eisenhower. The $3,000 putting green at the President's farm is a gift, too.

Mr. Eisenhower now has a herd of 18 registered Aberdeen Angus cattle. All were given to him. The little car in which the President rides around his farm, including the car's electric cattle-calling horn, is reported to be a gift.

Bordering the road running north from the Eisenhower farmhouse are 48 tall Norway spruce trees that were given to the President. The flower garden at the house, together with its serpentine wall, and a greenhouse came as gifts.

The pony and wicker cart that thrill the President's grandchildren were presents.

People appear to enjoy making gifts to President Eisenhower. Almost all Presidents in the past have received and accepted varied offerings. But gifts to Mr. Eisenhower are attracting more attention and, at times, are tending to be of more monetary value than those given to previous Chief Executives.

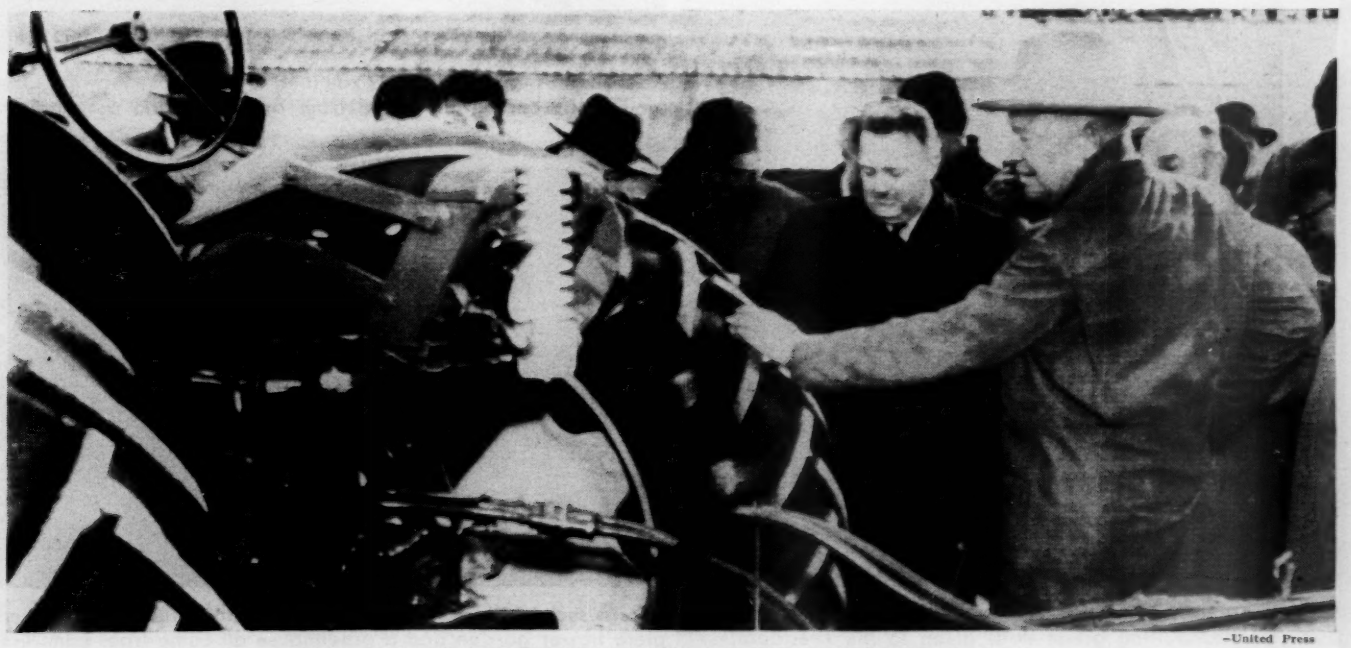
An old custom. The fact that the tractor and its attachments came as a gift from farm co-operatives that maintain a lobby in Washington has brought some private complaints from businessmen who compete with the co-ops. In general, however, acceptance of gifts by Presidents always has been taken for granted. There is no law that bears on the subject, no fixed standard by which acceptance or rejection of such gifts is measured.

In the case of officials below the President, the rules are more explicit. During the Administration of Harry Truman, there was intense criticism inside and outside of Congress when gifts of home freezers, valued at a few hundred dollars, were accepted by some officials. There was much criticism, too, of gifts of mink coats.

As commander of Allied forces in Europe during World War II, Mr. Eisenhower, then a General of the Army, received a large number of gifts, some of great value. There was, for example, a $100,000, diamond-studded "Order of Victory" decoration that he received from Soviet Marshal Georgi Zhukov. Then there were anonymous gifts that included 10 Chippendale chairs, a mahogany Hepplewhite table and a 200-year-old Indian carpet, as well as elaborate jewels and swords.

Those gifts were transferred by General Eisenhower to the Eisenhower Museum in his home town of Abilene, Kans., along with 2,500 other items.

A steady flow. The gifts that have come in an increasing flow during Mr. Eisenhower's three years in the White



—United Press

THE PRESIDENT ADMIRES HIS NEW TRACTOR

Back at the White House, two employes are kept busy handling the gifts that pour in

House, however, are the ones that are attracting attention now. Two White House employes now spend most of their time handling the incoming presents.

Food and articles of clothing arrive every day. Books, statuary and paintings are delivered regularly. But it is the President's Gettysburg farm that is responsible for most of the expensive items now appearing.

There are farm tools of many kinds, all gifts from individuals or organizations. Then there are hunting dogs, hunting rifles, pigs, chickens, a thoroughbred horse and ponies. A gift herd of registered Angus cattle represents three of the leading blood lines—Eileenmere, Sunbeam and Bandolier—with heifers valued as high as $1,500 each. There are home decorations inside and out—things such as expensive silver and furniture, plus innumerable plants, shrubs and trees.

A single comment by Mr. Eisenhower in an unguarded moment can bring a deluge of gifts from everywhere. Once the President remarked within earshot of a reporter that he liked peanuts. Nuts of all kinds soon began to show up in every mail arriving at the White House.

Mr. Eisenhower later mentioned that he liked coffee. Emperor Haile Selassie of Ethiopia sent him a half ton of his special stock. The President had the strong Ethiopian coffee blended with milder supplies, filled up White House bins and sent the rest to hospitals.

No tax to pay. All of these gifts, their value running high in the thousands of dollars each year, are tax-free. Unlike a TV award, for example, the gifts are not considered income and, thus, no tax need be paid when they are accepted. Nor do the donors normally pay taxes on the gifts. Most of the valuable gifts, such as a desk set valued at several thousand dollars, come from patriotic and youth groups and other nonprofit organizations.

The only out-of-pocket cost to the President, as a practical matter, is incurred when he takes care of insurance and mailing charges that donors neglect to cover fully.

Mr. Eisenhower's presents, on the whole, are more costly than the gifts that either President Truman or President Franklin D. Roosevelt received—even though Mr. Truman was the recipient of a bowling alley and Mr. Roosevelt was mentioned in at least two wills.

Hobbies favored. The gifts, in each case, generally center around the Chief Executive's hobbies and avocations. Mr. Roosevelt received many presents for his New York home. And there were presents for Mr. Truman to use in his home at Independence, Mo.

Mr. Truman, in office, liked music and history. Besides getting the usual food,

TO THE GETTYSBURG FARM—A NEVER-ENDING DELUGE OF PRESENTS GREAT AND SMALL

Photo of Eisenhower farmhouse shows part of the $3,000 putting green (left) given to the President.

Aberdeen Angus heifer is examined by Mr. Eisenhower. One of 18 gift cattle, this came from an Ohio farm association.

Shrubs such as those pictured above, 48 tall spruce trees, a complete flower garden and a greenhouse all came from admirers.

10-gallon hats and peace pipes that every modern President receives, he got hundreds of records and books.

Mr. Roosevelt, whose love for the sea was well known, received flotillas of ship models and closets full of yachting caps. He also received thousands of items for his stamp collection. About the only animals among his gifts were pet dogs and a horse.

President Eisenhower, a very active man until his heart attack, has many interests—farming, golf, fishing, hunting, cooking, painting, among others. This makes a big field for those who wish to send him gifts.

Cash is barred. The White House, at this time, has no rigid policy on gifts. There is no limit on the value of a gift a President may receive, although no cash is ever accepted. A White House official, explaining why a President can receive a thousand-dollar gift while a Government employe of lesser rank may be suspect if he accepts a $25 ham, says: "The office of the President is too big to be influenced by any gift."

Motives behind these gifts appear to be many. Most gifts are obviously sincere tokens of affection. Other gifts sometimes contain an element of publicity seeking.

A summer-clothing manufacturer, for example, once tried to "take the White House for a lot of free advertising," a presidential aide recalls. The head of the firm found out Mr. Eisenhower's suit size, and asked the White House if he could make up a number of suits for him. The President agreed to accept one suit. The White House found out, however, that the manufacturer had prepared a press release about his gift. So the suit, in this case, was refused.

Careful screening. The White House, in fact, is always on guard against manufacturers who send gifts and then point out that their products are used by the President. But firms sometimes can get their products accepted by appealing to their local Congressmen. The Congressmen often will petition the White House. An Eisenhower assistant reports that "Ike sometimes accepts gifts which he would otherwise refuse, but it is hard to turn down Congressmen who ask him to receive gifts from groups in their districts."

The White House gives careful consideration before a gift is turned down. A rebuke to a donor is a good way to lose a friend. Mrs. Eisenhower put her foot down, however, when the American Feline Society wanted to give the Eisenhowers a cat for the White House. "You have just so much room for pets, even on a farm," a friend explained. "If they start accepting all kinds of cats and dogs, they soon won't have room for the livestock."

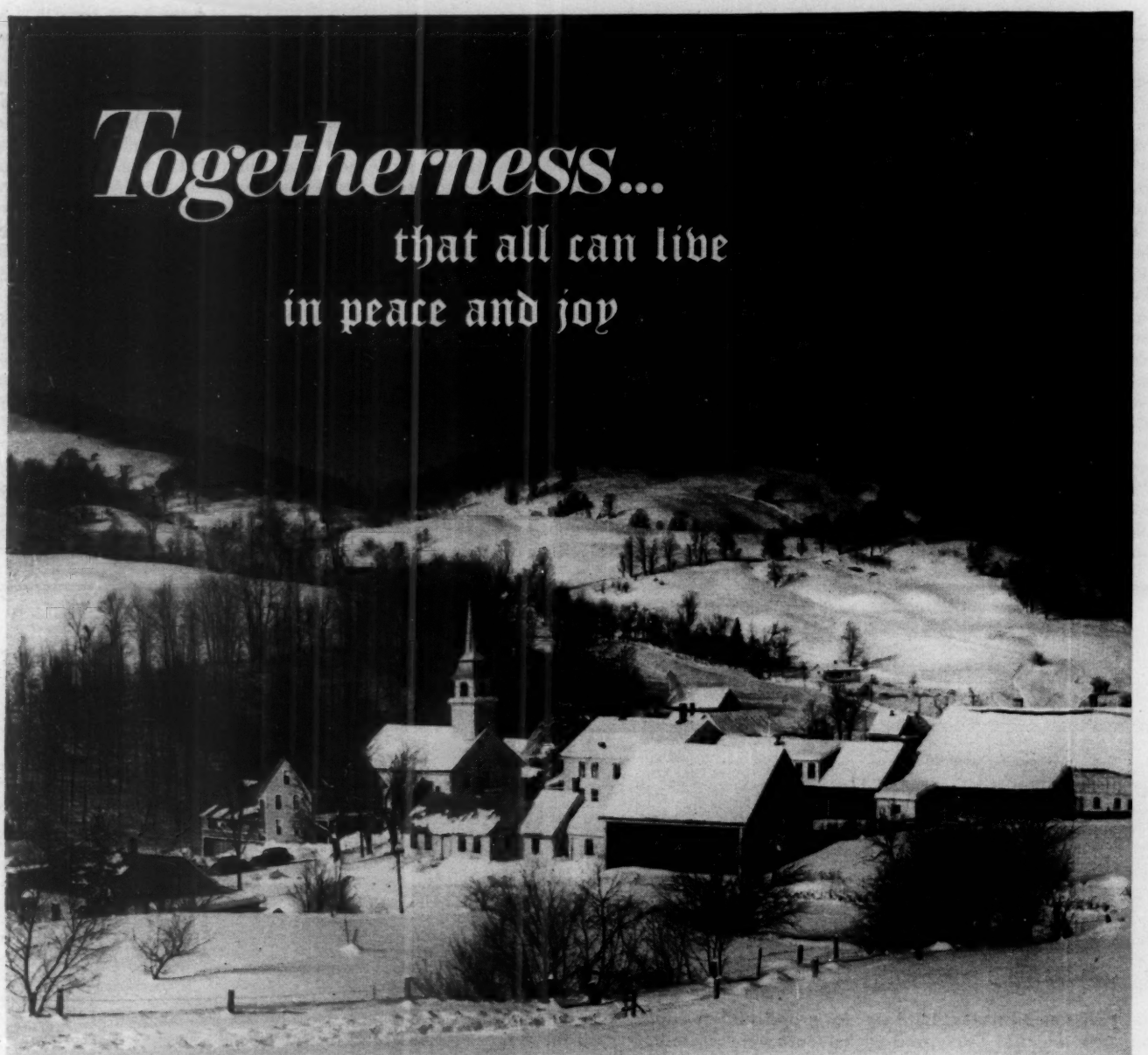
President demonstrates "blinkers" for grandchildren while son John watches. Pony and wicker cart were presents.

Eisenhowers admire century-old fireplace, presented by the White House staff on their 38th wedding anniversary.

Cultivator for vegetable garden, a 2½-horsepower model, was gift from Boys' Nation.

—USN&WR, Wide World, United Press, Harris & Ewing

This unique runabout, complete with fringed canopy and electric cattle-calling horn, carries Ike and his guests about the farm.



At this time of year, families... and communities...
become woven closer together than ever before.

For at Christmas time, Togetherness... the spirit of family fellowship...
reaches its warmest expression. It shines out of
children's eyes around the tree, it's in evidence at the family table,
it assumes its deepest meaning at holiday services.

As a magazine dedicated to this spirit all through the year,
McCall's greets the many women and their families who have
helped us to become recognized as America's magazine of Togetherness.

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THE AUTO INDUSTRY TAKES A GOOD LOOK AT ITSELF

Dealers Have Their Complaints—General Motors Tells Its Story

Men inside the business tell what's happening behind the scenes in today's highly competitive auto industry.

In testimony by those with the biggest U. S. auto firm, before a Senate subcommittee hearing:

- **Dealers complain of "overproduction" . . . "a forced market through intense sales pressure" . . . "outright misuse of credit" . . . "price packing" . . . "auto bootlegging."**
- **Company officials answer charges in detail, case by case; deny they can legally police dealer actions. One agreement: There is great pressure to sell cars at this time.**

A glimpse into the inner workings and attitudes of the nation's highly important automobile industry now is coming from a Senate investigation.

Official testimony develops the story of auto pricing, of new-car "bootlegging," of dealer complaints and manufacturer policies. The picture is one of intense competition at this time in a very competitive industry.

It all started with a questionnaire sent to auto dealers by congressional investigators. The questionnaire brought more than 20,000 replies from dealers, many critical of company policies.

As the largest of the automobile companies, General Motors was asked to appear for questioning after some of its dealers had expressed their views. Both sides told their stories before the Subcommittee on Antitrust and Monopoly of the Senate Judiciary Committee, headed by Senator Joseph C. O'Mahoney (Dem.), of Wyoming.

The underlying complaint of those dealers who testified was that today's competition in the automobile industry is extremely "high pressure" and tough. It often is necessary to cut prices to move cars. "Discount houses," "bootlegging" of cars at much less than list prices have sprung up to compete with established dealers. Dealers are pushed to meet sales quotas and heavy pressure is on to move cars into hands of buyers.

There was a suggestion that Government might have to step in to regulate some aspects of competition, such as credit policies and contract relations between dealers and manufacturers.

How times changed. It appeared that, for most dealers in cars, life was different from what it had been in the period between World War II's end and the quite recent past. In that period it was easy for the dealer to sell at "list price" and to sell many accessories at full price, too. Now, all is changed.

Harlow H. Curtice, president of General Motors, in his testimony, had this to say in explaining the change:

"The only way that a company like General Motors can even stay where it is competitively is to work as aggressively as possible to better its position. To relax for a moment would be only to lose position. For a period of four years in the early 1920s, one company sold between 55 per cent and 60 per cent of all automobiles in the American market. It offered the lowest-priced car in the industry, yet could not withstand the competitive drive of other companies.

"This could happen again. Therefore, there can be no compromise between full, aggressive competition and loss of competitive position through any tendency to rest on one's own laurels."

Dealers, however, charged that GM and other big automobile companies had gone further than was wise or necessary in their competition, with dealers caught in the middle.

—Wide World

HARLOW H. CURTICE AND ALFRED P. SLOAN, JR.
For GM: no "resting on one's laurels"

A common complaint of dealers who testified before the Senate Subcommittee was that General Motors itself got its price and its profit margin but insisted upon pressing dealers to sell even if they had to do so at a loss. Stories were told of dealer franchises canceled because sales quotas were not met. Some dealers complained that they were forced to take cars that they did not want, and could not sell except to "bootleg" dealers.

Officials of General Motors gave case-by-case answers to the dealers' testimony. In addition, they outlined the pricing formula of the company. That formula is summarized for you in the chart on page 46.

Officials, too, gave figures on profits of GM dealers for the first nine months of this year as compared with the full prewar year of

What Some GM Dealers Have Told Congress About Their Troubles

Several GM dealers testified before the O'Mahoney Subcommittee. Their complaints, later challenged by GM officials, included these main points—

- **Cars are being forced on dealers faster than they can resell them.**
- **Accessories are loaded onto new cars at factories, regardless of dealer orders.**
- **Threats are made that, unless a dealer meets his sales quota, he will lose his franchise.***
- **"Bootlegging" of new cars, through nonfranchise dealers, is rising.**
- **Car sales are being inflated by risky credit—with dealers often underwriting risks.**
- **Profit margins of dealers are squeezed to the vanishing point.**

*GM announced that present dealer-franchise agreements will be extended to five years' duration. In the past, franchises have been limited to one year.

1940. Those figures are given in the chart on page 45.

A dealer's charges. The dealers' case, in its most complete form, was presented to the Senate Subcommittee by M. H. Yager, a Pontiac dealer of Albany, N. Y. Mr. Yager once had worked directly for General Motors, and since 1941 had headed an agency of his own.

In a letter to the Subcommittee, Mr. Yager had written as follows:

"I have recently come to the conclusion that all the ethics, dignity and fun have gone out of the automobile business. . . .

"While your concern at the moment is General Motors, it is my studied opinion that the conditions existing today have been brought about by a battle of the Titans in our industry, namely, General Motors, Ford Motor Company, and organized labor.

"All three are headed up by individuals who are in extremely strong positions, avowed and admitted enemies of each other, who are ruthlessly gratifying their own ambitions regardless of consequences. . . ."

On the basis of this letter, Mr. Yager was subpoenaed by the Subcommittee. In the following extracts from the hearing record, you get the main points that Mr. Yager raised, along with answering comments by General Motors officials.

The dealers' side. Mr. Yager testified: "By far the most dangerous sand that current automobile volume [of sales] has been building on is the outright misuse of credit. . . .

"In our own instance, since our first day in business, we have used GMAC [General Motors Acceptance Company] as our principal finance company. . . .

"My balance with them is on a recourse basis. This means that when we cash a contract with them, we sign it guaranteeing payment, and if there is a repossession, we will accept the car back and pay out the balance to them. The quality of this paper is becoming progressively diluted due to the longer terms, shorter down payments, and, in some cases, acceptance of questionable moral risks by reason of factory pressure to keep volume up. We would not have some of it if it wasn't for factory pressures.

"GMAC, of course, will buy just about anything we are willing to sign our name to, which means that in many instances the use of our credit rather than the customer's puts many a one in a new car.

"The vulnerability of our position is increasing, and, until such time as these cars are fully paid for, which is up to three years from the time of sale, we cannot with certainty determine what our profit, if any, is on a certain car or, for that matter, for any given month or year. . . .

"Contrasted with our problem, GM does all its automobile business with dealers on a strictly c.o.d. basis. . . . The factory obtains its money with no further liability or possibility of loss. The dealer must dispose of cars as best he can, and fast, to make room for some more. . . .

"Numerous dealers have been, or are being coerced into acquiring additional building facilities . . . in anticipation of better volume. . . .

"I am reminded that we went through a similar program in the 1920s. In Albany, every dealer in town, with the exception of two, occupy prewar buildings; and under every one of them lies . . . the dead hopes of the dealer who built it. There is not a single one of the original dealers who built the buildings nor their heirs nor any continuation of their company.

"As a dealer's real estate investment progresses, he is progressively more subject to the dictates of General Motors, for if he doesn't keep step with their tune, he is faced with a substantial loss. . . ."

• • •

A company reply. In reply to Mr. Yager's comments, W. F. Hufstader, GM vice president in charge of the distribution staff, made this statement:

"Mr. Yager became a Pontiac dealer in February, 1941, in the city of Albany, N. Y.

"His total investment was $10,000, of which $5,000 was borrowed and $5,000 was his own personal money. . . . As of Oct. 31, 1955, Mr. Yager had made a total gain in excess of 1 million dollars on his initial investment of $10,000. . . .

"In securing to himself the advantages of the only Pontiac franchise in the city of Albany, the sales potential of which

How General Motors Dealers Have Fared, According to GM's Records

	1940 (Entire Year)	1955 (First Nine Months)
Number of GM dealers in business	17,044	16,957
GM cars and trucks sold	1,800,000	3,200,000
Value of dealers' sales	$3,106,000,000	$13,490,000,000
Dealers' net profits before taxes	$72,000,000	$414,000,000
Dealers' net profits before taxes as per cent of sales	2.31%	3.07%
Dealers' investment in buildings and other facilities	$249,000,000	$2,200,000,000
Dealers' profits, after taxes, as per cent of their net worth	(not available)	9.04% (data for 1954)

From testimony of General Motors officials before the O'Mahoney Subcommittee

would profitably support two Pontiac dealers, Mr. Yager has been content to receive a handsome profit without assuming the obligation of providing Pontiac with a fair share of the new-car sales in this market.

"The fact is that Mr. Yager is generally extremely busy with other activities and, by his own admission, devotes only about 50 per cent of his time to the automobile business. Because of this, he was asked to devote more time and attention to the business. . . ."

As to profits of dealers generally, at another point in the Subcommittee hearing Mr. Curtice of GM said:

"Over two thirds of the dealers who were active at the end of World War II are still active. I should also like to point out that during the postwar period, GM dealers have had profits before taxes of over 5 billion dollars, after deducting over 1 billion dollars of owners' salaries and bonuses. Their investment has grown from 249 million dollars in 1940 to over 2.2 billion today, largely from reinvested earnings."

On "price packing." Mr. Yager, and other dealers, testified that GM and other manufacturers condoned, or at least took no "monitoring action" against "price packing." Under this practice a dealer tells a customer the list price of a new car is higher than it really is—so he can offer an inflated allowance for the customer's old car.

"It has been alleged," declared Mr. Yager, "that about two years ago another manufacturer, hoping to take advantage of the gullibility of the public, suggested to its dealers that they pack their price with an inflated figure, thus placing them in a position to trade longer on the consumer's used car. . . .

"This practice was soon ferreted out and rumor has it that the president of General Motors was told about it, and instead of taking the traditional stand of the industry leader [he] said: 'I think I would fight fire with fire,' and, from that time on, a pack spread like wildfire throughout the retailing auto industry. . . ."

Mr. Hufstader of GM, however, made this rejoinder in the course of his testimony before the Subcommittee:

"The pack is nothing new. It existed before the war, particularly in certain areas of the country. In 1939, Mr. Curtice, then at Buick, attempted to halt this undesirable practice. . . . Our efforts met opposition from some of our dealers and hence were unsuccessful on the whole."

On "bootlegging." Nearly all the dealers who testified before the Subcommittee told of widespread "bootlegging." One reported an estimate that 15 per cent of all new cars now produced are sold in this manner, with the franchised dealer reselling the cars to a nonfranchised "supermarket" dealer for a nominal profit of $25 to $100 per car. This enables the "bootleg" dealer to offer the cars to the public at substantial discounts below list prices.

Behind this practice, said the dealers, was the drive for sales by manufacturers. Many dealers, they declared, had to dispose of new cars in this manner in order to meet sales quotas—or lose their franchises.

From Mr. Hufstader, of GM, came this statement about the "bootlegging" problem:

"Another practice opposed by manufacturers, as it is by many dealers, is bootlegging. . . . In this instance we in General Motors went so far as to request approval of the Attorney General for a provision in our selling agreement that would have given us the option to repurchase from the dealer any cars which he wished to dispose of through wholesale channels.

"For this purpose, Mr. Curtice . . . personally arranged and attended a conference with the Attorney General and members of his staff in Washington. By letter dated March 22, 1954, the proposed clause was submitted to the Attorney General. In reply we received a letter dated March 30, 1954, from the Assistant Attorney General, in charge of the Antitrust Division, reading in part as follow: . . .

" 'We have concluded that the Department of Justice cannot undertake to waive the institution of criminal proceedings with respect to such contractual provisions should we decide to test their legality if they are incorporated in General Motors Corporation selling agreements, since they raise

[continued]

AUTO INDUSTRY LOOKS AT ITSELF

important questions under the antitrust laws. . . .'

"Despite all of our efforts we continued to receive complaints. . . . Accordingly, on Jan. 14, 1955, a letter was sent by Mr. Curtice to all General Motors dealers embodying the same proposal as was incorporated in the clause submitted to the Attorney General without, however, making it mandatory as far as the dealer was concerned."

On Government regulation. In his testimony, Mr. Yager touched upon the question of Government regulation. He noted that "many dealers" have a feeling "that we have been exploited to the extent of being the subsidizing agent for overproduction because it has definitely become a forced market through intense sales pressure and through a rather reckless overexpansion of credit. . . ."

Senator Alexander Wiley (Rep.) of Wisconsin, then addressed Mr. Yager: "You said in your conclusion, and you indicated, that some of the corrective measures which you would like to see them take, you could only hope that the management of General Motors can recognize and approach these problems with, as Mr. Sloan [Alfred P. Sloan, Jr., General Motors chairman of the board] said, an open mind, seek their solution without Government regulation, which I know they do not want nor do I believe the dealers want, if it can be avoided.

"That is, I assume, a conclusion that you arrived at after deep consideration that it is primarily in the first instance a problem of the individuals and the organization rather than of government. . . ."

Mr. Yager replied: "I, in my statement regarding credit, confined it to that field, and I am not one to make any final decision, but I would say that the feeling of the dealer fraternity is that the overexpansion of credit and the abuses of credit have reached such proportions, and, because of human frailty, the only way to control it is probably through government regulation, either State or at a national level. Government regulation we have resisted because it is cumbersome invariably, but it is generally benign."

GM'S FORMULA FOR PRICING CARS

1. **Costs of making cars** are recorded by General Motors' factories. Average breakdown: materials, 60 per cent; wages and salaries, 30 per cent; office overhead, 1 per cent; depreciation, local taxes, etc., 9 per cent.
2. **Profit to GM** is added to costs. GM's goal: An average return on net capital investment of 15 to 20 per cent over the years; or 10 per cent of the value of sales. Actual GM price on specific models is determined, in part, by prices on competing makes of cars.
3. **Dealer's markup,** 25 per cent, is added next. This gives "list" price. As competition rises, dealers can reduce this markup, try to make an over-all profit by increased sales.
4. **Other charges,** for freight, federal excise, local taxes, dealer's handling, are added next, giving the final price that a buyer pays for a new car.

From testimony of General Motors officials before the O'Mahoney Subcommittee.

On GM's pricing policy. Members of the Subcommittee questioned General Motors officials closely about the company's pricing methods. From the transcript of the hearing:

Senator O'Mahoney: What are the basic elements of cost that enter into fixing the price of the car that is sold to the average automobile purchaser in the United States?

Mr. Donner [Frederic G. Donner, General Motors vice president in charge of financial staff]: Sixty per cent of the cost is materials that we buy. . . . Some 30-odd per cent is payroll.

Senator O'Mahoney: That includes all payroll, the mechanics and the—

Mr. Donner: Right up to the president. . . . There is a couple of per cent depreciation . . . and I think a couple of per cent for taxes other than federal income taxes.

• • •

Senator O'Mahoney: Then you suggest to the dealer that he mark up about 25 per cent on top of that cash-on-the-barrelhead price that you [General Motors] received?

Mr. Curtice: Yes, that has been rather historical.

• • •

Mr. Burns [Joseph W. Burns, chief counsel of the Subcommittee]: Under this pricing procedure which you have illustrated, using the concept of standard volume, is that so planned that the corporation cannot suffer a loss in a given year?

Mr. Bradley [Albert Bradley, executive vice president, General Motors]: We could suffer a loss in a given year if the volume dropped. . . .

• • •

Mr. Burns: Now, the charts that you furnished . . . showed the 1953 return on net worth for dealers, averaging 14.40 per cent, which was reduced in 1954 to 9.4 per cent, and comparable figures show that the corporation, after taxes and bonuses, had approximately 20 per cent in 1953 and 23 to 24 per cent in 1954. Since both the corporation and the dealers are selling the same products, how is it that the return of the corporation went up and the return of the dealers went down?

Mr. Curtice: Well, I think both reflect the conditions. The return for the dealers represented the competitive conditions which prevailed throughout the market place in 1954 as well as 1953. Likewise, in the case of General Motors, the return is reflected by our rate of output, our total volume of business in relation to our standard volume.

New rules ahead? In these excerpts from the O'Mahoney Subcommittee record you get a glance at the main issues developing in the wake of returning competition in the auto industry.

All signs point to still rougher competition for auto makers and dealers—and increasing pressure on Congress to step in with some new rules, designed to help any who are getting hurt at this time.

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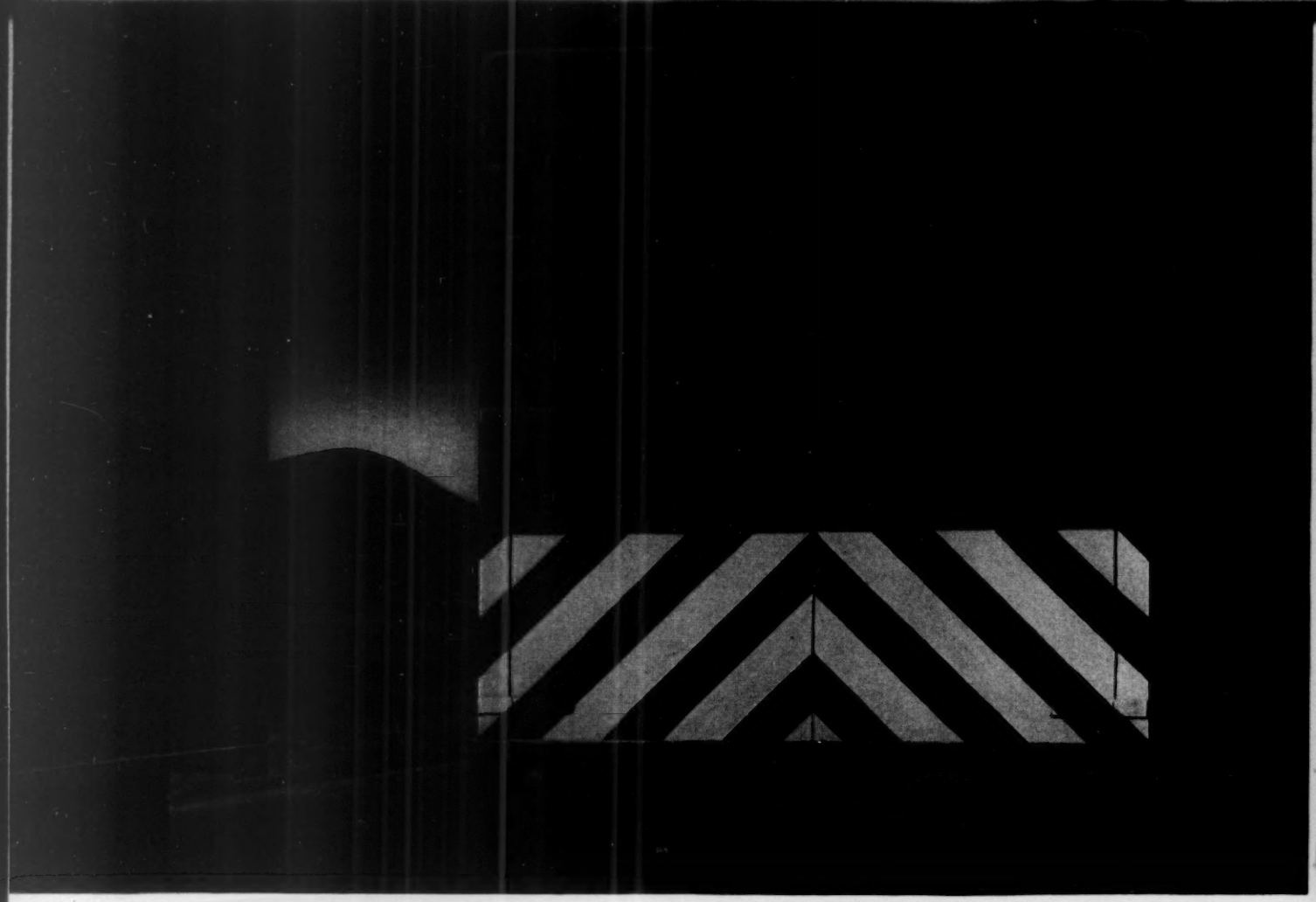

Trucks triple work load in 15 years

Owners buy over 1,000,000 vehicles a year with the help of bank credit

Last year, the country's 10 million trucks hauled the equivalent of 100 round trips to the sun with a 10-ton load. This represents a 200% increase over the year 1940.

To do this job, trucking has become America's largest industrial employer and a leading public servant. Today, motor transport moves 75% of the nation's freight, provides one out of every 10 jobs, and spends almost $30 billion on wages and materials. Truck owners pay ⅓ of all motor-vehicle taxes, and buy over 10 billion gallons of gas a year. In 1954, truck manufacturers bought raw materials from every state to produce a million new trucks.

Although trucking is a gigantic industry, most of its operators started as relatively small business men. Because of the spectacular expansion of the industry, they sometimes had difficulty financing their expanding equipment needs. In recent years, however, truckers have been coming to First National City Bank, where they have found a constructive and imaginative approach to a solution of their problems. They have had the opportunity of working with bankers thoroughly versed in the economic factors underlying the industry. These bankers are prepared to work out financing arrangements to fit a specific company's individual requirements.

In addition to making direct loans, First National City finances truckers indirectly by lending money to truck, tractor, and trailer manufacturers and their finance companies. The Bank also helps these manufacturers sell abroad through the services of its 60 Overseas Branches.

No matter what your business, you will find that First National City bankers take a creative approach to your financing problems. This creative approach – the product of 143 years of banking experience, backed by world-wide facilities and resources of about $7 billion – can provide constructive answers to your banking and business needs. Consult us for the advantages of having a *banker* instead of just a bank account.

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First in World Wide Banking
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ONE STATE'S IDEA—

South's Model for Separate Schools?

A school program worked out by Virginia now is coming to be widely regarded as the South's answer to the Supreme Court.

Its aim: To preserve segregation, and yet to avoid conflict with the Court.

How Virginia expects to do this is told here.

If this plan works, other States in the South are expected to follow suit.

What is this Virginia plan that is attracting so much attention?

It is a plan to revise Virginia's public-school system in such a way as to avoid—or at least to minimize—the mixing of white and Negro children in classrooms.

The basic outlines of this plan are shown in the chart on this page.

It proposes two main courses of action:

1. To maintain racial separation, as far as possible, by a new system of assigning students to specific schools.

2. To provide grants from public funds to help pay tuition in private schools for children where no segregated public school is available.

Announced aim of the plan is to make sure "that no child be required to attend an integrated school."

The plan was drafted and unanimously recommended by a commission of 32 legislators appointed by Governor Thomas B. Stanley. Chairman of the commission was State Senator Garland Gray, so the plan has come to be known in Virginia as the Gray Commission Report.

Would this plan conflict with the decision of the U. S. Supreme Court which held that segregation in public schools is unconstitutional?

Sponsors of the plan say that it would not, because there would be no official segregation by race in public schools. Whether federal courts will uphold this view is yet to be tested.

If public-school pupils are not to be separated by race, under the plan, then how does Virginia expect to keep the races apart in public schools?

By a new system of assignment. School boards would be authorized to assign

(Continued on page 50)

Virginia's Plan To Avoid Mixed Schools

FIRST STEP—

Set up a new system of assigning children to schools

★ **Officially, color line is to be abandoned and assignments made on such grounds as health, aptitude and availability of school facilities.**

★ **Actually, assignment plan is designed to keep races, generally, in separate schools.**

AIM:

To avoid racial mixing, or at least hold it to a minimum.

SECOND STEP—

If assignment plan fails, a community would have 2 choices:

1. **Mix public schools, but help "objectors" pay for segregated private schooling.**

   or

2. **Abolish public schools and help finance segregated private schooling for all.**

★ **Grants from school funds would be made to help pay tuition in private schools.**

★ **To finance tuition grants, local taxes and State aid would continue.**

AIM:

To insure that no child is compelled to attend a mixed school.

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[continued]

SOUTH'S MODEL FOR SEPARATE SCHOOLS?

pupils to particular schools. The text of the plan says:

"Assignments would be based upon the welfare of the particular child as well as the welfare and best interests of all other pupils attending a particular school.

"The school board should be authorized to take into consideration such factors as availability of facilities, health, aptitude of the child and the availability of transportation."

How this assignment plan could be used to keep races apart for the next several years is shown by this sentence of the plan's text:

"Children who have heretofore attended a particular public school would not be reassigned to a different one except for good cause shown."

This would mean that children now in school would remain in their present schools—which are segregated—for the remainder of their school careers.

In assigning new students, it is generally expected, most school boards would interpret the regulations in such a way as to assign Negroes to certain schools and whites to others.

What could a Negro do if he objected to his school assignment?

Parents of any student, Negro or white, could ask for a review of the assignment by the school board. If the board refused to change the assignment, parents could appeal to a State circuit court or corporation court for a trial of the issue.

It generally takes about a year to conclude such a court test, and then the verdict still could be appealed all the way up to the U. S. Supreme Court.

So some opponents of mixed schools hope that, even if the assignment plan should eventually be ruled unconstitutional, several years of delay might be won for continued segregation.

What happens if a school board assigns Negroes and whites to the same school?

The plan for private-school tuition is designed to meet that eventuality.

If all schools in his community were mixed, a child, through his parents, could apply for a grant from public funds to help pay his tuition in a segregated private school. Grants would be made available to both Negroes and whites.

Tuition grants could be used only for nonsectarian schools.

The amount of the grant, for each child, would be limited to the amount per student being spent in the community for public education. Generally, in Virginia, those amounts would range from $110 per year to $350.

Then any community would be permitted to mix its schools if it desired?

Yes. The plan provides "local option" on this question.

In parts of Virginia where Negroes are only a small percentage of the population, it is expected that some communities will go ahead and integrate their schools.

One idea being discussed is that one school in a locality might be mixed, another school kept unmixed, through the assignment system. In this case, objectors to integration could be assigned to the unmixed school. This would provide a form of "individual option" as well as "local option." But private-school tuition would not be granted if a segregated public school were available.

Some Virginians predict that several communities might find themselves maintaining public schools attended only by Negroes—with all the white children going to private schools.

Could a school district close its public schools to avoid any integration?

Yes, the plan provides for that, too. And some counties already have begun making preparations to do so. In counties where public schools are abandoned, all children—white or Negro—would be eligible for grants for private-school tuition.

State-wide closing of public schools, however, is not proposed, and sponsors of the Virginia plan say it is not contemplated. Hope is expressed that few schools actually would be shut down.

Virginia's State constitution requires that the State maintain an efficient system of free public education—and the plan does not propose to repeal or alter that constitutional provision.

Where would the money to pay private-school tuition come from?

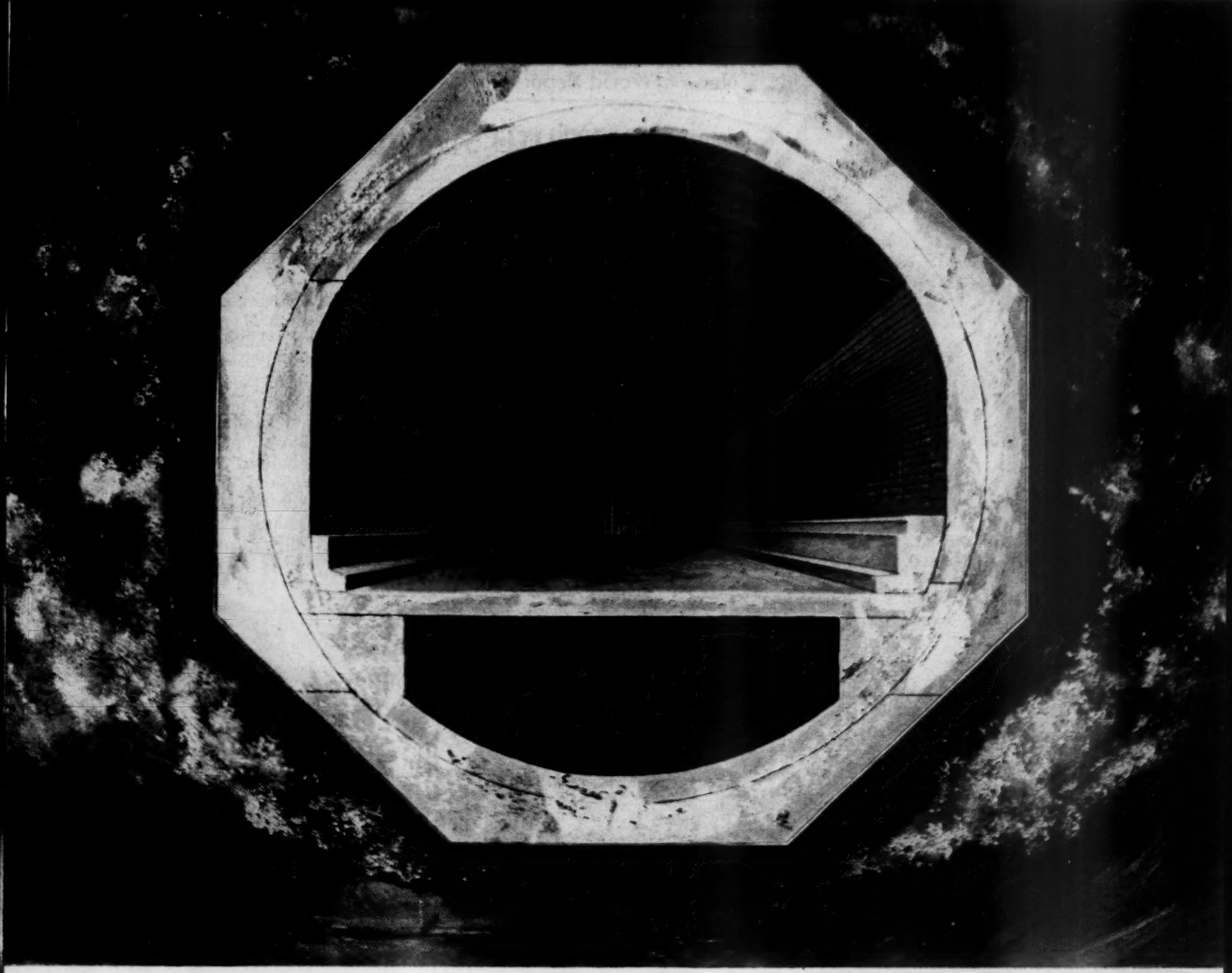
From the sources where public schools now get their money. Counties would continue to levy taxes for education, and the State would continue to contribute to counties' school funds on the same basis as at present. This would

(Continued on page 52)

—Richmond News Leader

THE HOUSE OF DELEGATES OF VIRGINIA

Legislators have a plan to make sure "that no child be required to attend an integrated school"



Blaw-Knox Steel Forms Shape America's Tunnels

a tunnel that swims and dives in position

Once every two weeks, a prefabricated 300-ft. tube section of the new Hampton Roads vehicular tunnel is towed into deep water and sunk into a specially prepared trench. After 23 such sections are sunk and joined, Willoughby Spit, Norfolk, Va., and Old Point Comfort will be linked.

These tube sections are concreted on the surface of water, using Blaw-Knox Steel Forms to facilitate pouring 6,000 yards of concrete within the 30-ft. diameter steel tube shells. Only two complete 150-ft. sets of Blaw-Knox forms are needed, since each form can be stripped and re-used, over and over again. No sand hogs are needed and the danger of "bends" is eliminated.

Manufacturing ingeniously designed concrete forms to speed up construction work is but one of many Blaw-Knox achievements. Other Blaw-Knox activities that increase productivity, lower costs, and improve comforts of everyday action are indicated in the list of Blaw-Knox activities listed below.

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Rolls and Rolling Mills, for Steel and Other Metals: Rolling mills, mill drives, shears, special equipment; rolls; open hearth equipment, including water cooled furnace doors, frames, reversing valves, dolomite machines and other auxiliaries

Piping and Sprinkler Systems: Pressure piping and automatic fire protection systems for chemical and power plants, steel mills, oil refineries and for process industries generally

Construction Equipment: Road building black-top and concrete pavers, spreaders, finishers, subgraders, rollers, truck-mixers, road rails and aggregate concrete mixing equipment; heavy forms (for subways, tunnels, dams); clamshell buckets

Towers: Radio, television, microwave, power transmission

Ordnance: Anti-aircraft gun mounts; armor castings for tanks

[continued]

SOUTH'S MODEL FOR SCHOOLS?

be true even if a district closed its public schools.

In addition, if a community maintained mixed public schools and also paid private-school tuition for objectors, the State would pay half the resulting increase in that community's education costs.

If a community closed all its public schools, however, the State would not share in any increase of that community's educational expenses. This provision is described by sponsors as an encouragement to maintain public schools.

Is it legal to use public funds for private-school tuition?

Not under Virginia's present constitution, the State Supreme Court has ruled. However, an amendment is proposed which would authorize such payments. This idea has been approved by the State General Assembly and a proposal for a constitutional convention will be submitted to the voters January 9.

A question still remains as to whether federal courts would approve use of public funds for private education, even if State law authorizes it.

Where would Virginia find enough private schools to handle all the children who might be withdrawn from public schools?

That is a big question, still unanswered. It has been suggested that abandoned public-school buildings might be leased or sold to private-school corporations. However, a federal court ruled recently that public parks cannot be leased to private concerns for segregated operation. And many lawyers predict that a similar rule would be applied to schools.

Another difficulty is foreseen in financing the creation of new private schools. Big outlays of capital would be required to buy or build classrooms, and to acquire equipment such as desks, laboratories and libraries.

The cost of Virginia's present public-school facilities, it is noted, totals nearly 500 million dollars.

Sponsors of the Virginia plan suggest that many substitutes can be found for school buildings—by using churches, meeting halls, vacant stores or even private homes.

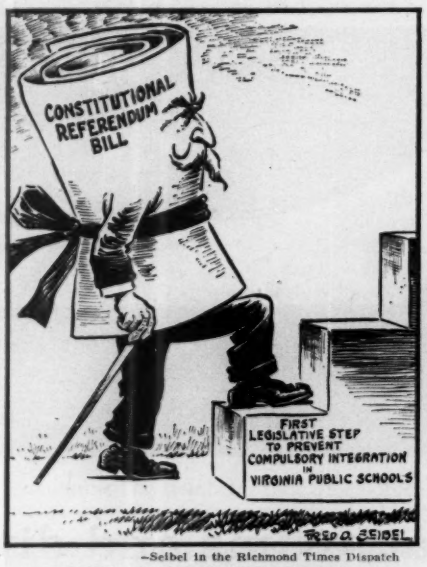
Whatever the difficulty, the problem of providing private-school facilities would be left entirely to local communities. No public funds would be provided for anything except tuition payments.

What about teachers for private schools? Are they available?

That is another problem still to be solved. The plan proposes extending the State's pension program for teachers to private-school teachers, as an aid in attracting instructors into private schools.

Would educational standards suffer under a private-school system?

That, sponsors of the Virginia plan say, would depend on the local communities and the types of private schools they set up. Some who favor the plan concede that standards might be lowered, at least temporarily.


CONSTITUTIONAL REFERENDUM BILL
FIRST LEGISLATIVE STEP TO PREVENT COMPULSORY INTEGRATION IN VIRGINIA PUBLIC SCHOOLS
FRED O. SEIBEL

—Seibel in the Richmond Times Dispatch

"WITH 'DELIBERATE SPEED' "

—Standard Oil Co. (N.J.)

AT ISSUE: THE SCHOOLS

While the South watched, Virginians debated

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WROUGHT IRON PIPE

Would private schools prove more costly than public schools?

Probably, many advocates of the Virginia plan admit. It is doubtful that the tuition grants allotted from public funds would cover the full cost of private schooling. Many parents might have to supplement the grants from their own pockets. And it is doubted, too, that a school district's savings from the decline in public-school enrollment would cover the added cost of tuition grants.

Here, again, the point is made that each community and each parent is offered a choice under the Virginia plan: Accept mixed schools, or pay the price for segregated schools.

When will the Virginia plan go into effect?

At the opening of the school term in the autumn of 1956, if the pending constitutional amendment is adopted and

—Wood in the Richmond News-Leader

"ON THE WAY"

Would the Supreme Court go along?

the Legislature passes the proposed new laws in its 1956 session.

Will the Virginia plan work?

Only time will tell. Many problems remain to be solved. But the plan's sponsors say that if mixed schools are forced upon the State many counties will shut down their schools and thousands of children—of both races—will be left without an education unless some alternative is provided.

Even some who doubt that the plan will prove a final solution suggest that, at the very least, it will do this: cushion the impact of the Supreme Court's decision, delay integration, provide time for readjustment.

If the plan does work in Virginia, the South may have found its answer to the Supreme Court.

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Story of KHRUSHCHEV

"A Smiling Stalin"

As Soviet dictator, Nikita Khrushchev is a man the West must expect to reckon with in critical years ahead. Yet he is almost unknown in the West, the biggest puzzle among all the world's leaders.

In the 10 months since Khrushchev came out on top in a struggle for power, he has been seen outside his office mostly as a grinning partygoer. On his tour of Southern Asia, he boasted of Soviet hydrogen bombs one day—and wanted to climb a betel-nut tree the next.

Behind the antics, what kind of man is Khrushchev? Is he just a clown? Or is he another Stalin, shrewd at beguiling diplomats and purging enemies? Is he bent on putting the world under Communist rule?

Answers to these and other questions now come for the first time from a man who once knew Khrushchev well.

Jurij Gudim-Levkovich, born in Russia, became one of the leading agricultural experts in the Ukraine. There he worked with Khrushchev, got a close-up view of what Khrushchev thinks, of how he intrigues for power and the methods he uses to govern.

Since escaping from the Soviet Union, Mr. Gudim-Levkovich has worked for the U. S. Army and the Department of State. He now is writing a book about his life under the Communists.

In what follows, you get his impressions of the real Khrushchev and a size-up of what to expect of him.

Q In what year did you first have contact with Nikita Khrushchev, Mr. Gudim-Levkovich?

A In 1938.

Q Did you see him very often after that?

A Yes. I saw him several times at agricultural meetings and in his office during the next three years.

Q Did you take orders from Khrushchev? Was he your boss?

A He had charge of everything in the Ukraine, and I was writing about Ukrainian agriculture, in which he was much interested. I had the impression that he paid attention to what I was doing.

Q Did you work directly for Khrushchev?

A Yes, at times, when he gave me special assignments to investigate parts of the agricultural program.

Q Was Khrushchev close to Stalin?

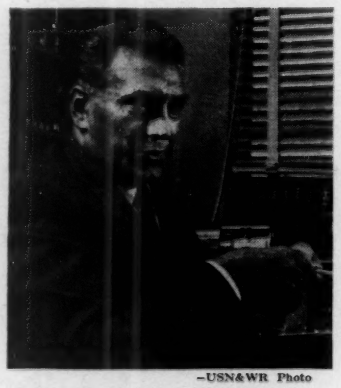
A Yes, very close—and for a long time.

Q He was the party man for Stalin in the Ukraine?

A Yes. He reported directly to Stalin. There was no one in between.

Q Is he continuing Stalin's policies?

A He follows the Stalin line in every respect.



–USN&WR Photo

JURIJ GUDIM-LEVKOVICH

Q Is he an orthodox party man?

A One hundred per cent. His belief starts with Marx and ends with Stalin. That determines his general outlook. He is a fanatic about the ideology of Communism.

Q Would it be a fair description to picture Khrushchev as a smiling Stalin?

A Yes, it would. Khrushchev fully took over Stalin's methods in both domestic and foreign policy. Khrushchev's smiles are deceitful. He hopes to attain better results by using the same old methods, but with a smile.

Q Would you say that Khrushchev, basically, is after the same objectives that Stalin sought? Is he likely to use the same methods to reach those objectives, in your judgment?

A Yes. The goals of Communism never change. Communist dictatorship, first through Stalin and now through Khrushchev, strives to achieve world domination—gradually, piecemeal. The methods did not change after Stalin, but Khrushchev is trying to put the free world to sleep with assurances of peaceful intentions.

Q In the light of events, did Stalin's death

really mean anything basic? Is Khrushchev on the way to becoming as powerful as Stalin and with the same objectives?

A Stalin's death altered nothing basic. Communist goals have remained the same.

Khrushchev wants to become as powerful as Stalin, but he understands very well that he can only achieve this gradually. For this purpose he is slowly but surely surrounding himself with trusted assistants and liquidating actual and potential opponents—just the way Stalin did.

Q Is Khrushchev skilled in dealing with opponents? Does the latest purge of Beria's followers confirm that idea?

A The latest purge shows that in dealing with his opponents—real or imaginary—Khrushchev is both skillful and ruthless.

Q Do you find any special meaning in the purge just carried out? Is that likely to be the first of many?

A To me, the significant thing is: Why did Khrushchev wait so long to execute these followers of Beria? I am sure that their execution was decided upon long ago. The explanation, I think is the following:

Khrushchev is using the same methods as Stalin, but so far he is not resorting to mass executions the way Stalin did. He is more economical. He does not want to disrupt the state apparatus, and by executing his opponents in small installments he can keep the people in a constant state of fear. As for purges in general, they are inseparable from dictatorship. I am sure they will continue.

Q Is it your opinion that Khrushchev is a man who can be trusted?

A Only naïve people can trust Khrushchev and the whole Communist "collective leadership."

Q What is Khrushchev's basic trait, as you size it up?

A Cunning, craftiness and ruthlessness are his basic traits. They are essential to every real Communist. Khrushchev could not be the head of the Communist Party if he did not possess these traits. He is also a very shrewd and farsighted politician.

Q Would this country do well to keep its powder dry?

A Yes. This is absolutely essential, because Khrushchev is constantly strengthening the Soviet Union and the whole Soviet bloc.

Q Was Khrushchev known to the people of the Soviet Union before he came to the front after Stalin's death?

A As a member of the Moscow Politburo he was fairly well known throughout the Soviet Union, but he was especially well known, of course, in the Ukraine.

Q What was Khrushchev's job when you met him?

A He was secretary of the Central Committee of the Communist Party in the Ukraine. He ran affairs through the party

(Continued on next page)

. . . "Purge continued under Khrushchev through 1938"

machinery. Each Soviet republic, such as the Ukraine, has a party central committee similar to the Central Committee in Moscow and carries out Moscow's directives.

Q How did Khrushchev get the job?

A Stalin appointed him. There had been much trouble in the Ukraine and the party secretary, Kosior, had been purged. Khrushchev was sent as a replacement. Since my work was in the Ukraine, I was there when he arrived.

Q Did Khrushchev continue the purge?

A Yes, he did. Khatayevich, second secretary of the Ukrainian Communist Party Central Committee, and Ilin, second

—Sovfoto

MASTER AND PUPIL IN 1937
"Khrushchev fully took over Stalin's methods"

secretary of the Kiev Province Party Committee, were arrested by the NKVD [secret police] at that time, and Khatayevich was executed. I am sure that Khrushchev had a hand in this, especially in the case of Khatayevich. Khatayevich knew as much about agriculture as Khrushchev, was far superior to Khrushchev in education and was exceedingly popular in the Ukraine. All this made him a dangerous potential rival to Khrushchev.

These are just two illustrations. In general, the purge continued under Khrushchev through 1938 and extended to the whole government and party apparatus in the Ukraine.

In place of those purged, Khrushchev put his own people. Korotchenko was made a secretary of the Ukrainian Communist Party Central Committee, Korniets was made chairman of the Ukrainian Council of People's Commissars, Butenko became the Ukrainian commissar for agriculture, and so forth. All these people were devoted to Khrushchev.

Q Khrushchev has put a lot of emphasis on farming since he got to the top. Does he know much about it?

A He has studied it very closely. Even before the war, he was considered the member of the Politburo who was the greatest expert on Soviet agriculture. Stalin, who was his immediate boss, consulted Khrushchev on agricultural problems and would always check with him before making decisions in the field of agriculture.

Q How did you get to know Khrushchev?

A When Khrushchev first came to the Ukraine, he began by touring the collective farms. That is when I first saw him. My work as an agricultural editor included tours of the collectives to see how work was progressing. The peasants who had been forced into the collectives were not producing. Khrushchev's problem was to get them to produce.

Q What did he do?

A He talked with the farmers, acted like one of them. He found out what was going on—then he bawled out the local party leaders and ordered them to get more production.

WHY LIVESTOCK STARVED—

Q How did you get to know him personally?

A While I was touring collective farms, in early 1939, I found those in one district in particularly bad condition. The order had gone out to increase the number of livestock, and these farms had far more stock of all kinds —horses, cattle, hogs and poultry—than they could feed. Almost half the livestock had starved to death during the winter.

I checked with the provincial agricultural administration about this. It happened that the top leadership had planned for more livestock than could be fed. This was true throughout the Ukraine.

If I had called attention to this publicly, by writing about it, it would have meant landing in jail. That is not the proper way to expose errors by the leaders. So I wrote in confidence to the Central Committee of the Ukrainian Communist Party.

Q Was the letter addressed to Khrushchev?

A Yes. To Khrushchev as secretary of the party.

Q What happened?

A A week later, very unexpectedly, I was called before Khrushchev. He said: "You have raised a very important question." He asked for additional facts about this situation.

I gave him calculations to show that the farms would produce more animal products if there were fewer animals which could be fed better.

Khrushchev wanted to know how I arrived at my figures. I explained the calculations. He was interested in ways of assembling facts. That is something he is always interested in.

Q Did he change the livestock program?

A Not at that time. The policy still was to apply pressure to the farmers. He said: "We cannot hold back the expansion of the numbers of livestock. It is in the plan. And by this device we will compel the collective farmers to pay more attention to raising more feed."

The idea that he was trying to put across was to teach the collective farmers a lesson. When the livestock ate up all the feed, the peasants would be forced to feed them on grain

(Continued on page 59)

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. . . "Khrushchev is smart, shrewd; he was hated and feared"

and vegetables earmarked for their own food supplies. If the farmers got hungry enough, they would learn to raise more feed for the animals.

Q Did he do anything about it later?

A He wanted still more facts. At his direction I worked for a month collecting information for him. I heard nothing more about it, after I sent in a report. But, recently in Moscow, Khrushchev presented a plan that embodied the very same idea I had put forward as early as 1939.

Q Apparently he isn't as much of a country bumpkin as he looks—

A Oh, no! He has been represented as a child in political and diplomatic matters. That certainly is not so. He is simple and plain in his outward appearance and in his speech, but he is really very smart and shrewd. His appearance may even be an advantage to him by causing people to underestimate him.

Q Did the ordinary people like him? Were they afraid of him?

A He was hated and feared as the representative of a hated regime. The masses of people knew that he would proceed with state plans regardless of the way the people were affected.

WHIP OVER MINISTERS—

Q Were Khrushchev's subordinates afraid of him?

A Yes, they were. He had a way of terrorizing subordinate ministers. Very often he would summon specialists and department heads—in the Ministry of Agriculture, for instance—without letting the Minister know. He questioned these people thoroughly and kept himself informed of technical and administrative matters. Then he would summon the Minister and tell him: "You see, I know more about your department than you do yourself."

The ministers were always in danger of being disgraced, fired, or even liquidated. They were kept alert and hard-working by fear.

Q Was Khrushchev himself afraid of the bigwigs in Moscow?

A He had no reason to fear anyone except Stalin.

Q Would you say he is ruthless with people? What happened to the people he purged when Stalin sent him to the Ukraine?

A A great many were shot. The rest were sent to concentration camps.

Q Did he conduct any other purges?

A He had a part in getting Jews out of jobs after the 1939 pact with Germany. Stalin circulated a directive that Jews could not occupy important positions. Khrushchev was faced with the task of removing Jewish party secretaries from their positions. He did this in a very diplomatic way—he can be tactful when it suits his purpose. He gave them excuses and moved them into different jobs.

Q Didn't Khrushchev run a big purge in the Ukraine after the war?

A Oh, yes. That was the most ruthless of all. I was not there at the time, but I talked with many of the refugees who managed to escape.

After the Germans were expelled from the Ukraine, Khrushchev directed the purging of everyone who was suspected of collaboration with the Germans or who had shown anti-Soviet feelings during the German occupation.

Khrushchev first declared an amnesty. Many of these people were administrators. He needed them to help restore Government control of the Ukraine. But, as soon as he had things under his thumb again, he directed the liquidation of the very same people to whom he had granted the amnesty.

Q And he did liquidate them? He didn't show any mercy?

A No mercy. There were executions and mass deportations.

Q How many were liquidated?

A No one can say exactly. There are no statistics. The people who escaped told only of executions and mass deportations.

Q Was it Khrushchev who carried out the scorched-earth policy in the Ukraine during the war?

A Yes, this policy was carried out in the Ukraine under Khrushchev's direction. Khrushchev was faithfully carrying out Stalin's instructions. I saw myself what happened in Kiev.

—Wide World

KHRUSHCHEV AND BULGANIN
"Certainly Khrushchev is . . . more influential"

The Bolsheviks say that Kiev was destroyed by the Germans, but in reality the Bolsheviks themselves destroyed it. Khrushchev directed this destruction.

When the Germans approached Kiev, all those who were experienced in partisan warfare were told on the radio to report to the mayor of Kiev. The people thought this was for the protection of the city against the Germans, but its real purpose was to mobilize men to plant explosive charges in the main buildings. As soon as the Germans marched into Kiev, explosions and conflagrations began to occur and the center of the city was destroyed.

Khrushchev was in charge of the whole thing in the Ukraine. Many cities were destroyed under his orders.

Q As a man in charge of guerrilla activities during the war, Khrushchev must have displayed real military ability—is that your opinion?

(Continued on next page)

. . . "Khrushchev purge infuriated the masses"

A Yes, military ability of a special kind. To be in charge of guerrilla activities you have to be primarily a skillful organizer and a master of deceit. Khrushchev was just that.

Q Did Khrushchev hold high rank in the Army itself? Did he wear a uniform?

A Khrushchev, like all the big Communist leaders, put on a uniform as soon as the war started. He had the rank of lieutenant general.

WHERE RIVALS STAND—

Q Is Khrushchev a ruthless-enough man so that if Zhukov, for instance, got a group of Army men set to overthrow him, he would liquidate them without qualms?

A Yes, I think so, without any qualms at all. Why would he be kinder to Zhukov than he was to Beria?

Q Do you have an opinion of Bulganin? Where would you say he fits in?

A Khrushchev will never admit Bulganin as an equal partner if he can help it. Bulganin is an old friend of Khrushchev's, but this does not mean that Khrushchev will ever yield his position as "first among equals" to Bulganin or to anyone else.

Q Do you think Khrushchev is as powerful as Stalin was?

A Not yet. Stalin had a much longer time to consolidate his control. Khrushchev, from all accounts, is maneuvering in the same way. He has got rid of Beria. He pushed Malenkov down. He has made Molotov eat his own words. Certainly Khrushchev is now the most influential man among those at the top—more influential than Bulganin or Zhukov or any of the others.

Q How does he stay in power? Did he bring his own clique up with him from the Ukraine?

A Many of the people who worked for Khrushchev in the Ukraine are now working in Moscow, or have other high positions.

For instance, Marshal Kirill Moskalenko, who carried out the liquidation of Ukrainians at Khrushchev's orders, has been made commander of the Moscow Military District. Khrushchev promoted him to marshal last March. This position is very important to Khrushchev. He must rely on Moskalenko for the security of the Government if anyone challenges his power or tries to start a revolution.

Another protege of Khrushchev, Palamarchuk, is the Foreign Minister of the Ukraine—and he represents the Ukraine on the Soviet delegation at the United Nations. A third one—Korniets—is the U.S.S.R. Minister of Food Procurement. There are many others.

Q What do you know of Khrushchev's early life?

A He completed formal primary education. He worked as a miner in the Donets Basin. Later he attended evening courses at a workers' secondary school and an industrial academy in Moscow.

He supplemented all this by self-education. He has a good memory. When he questions technicians, he remembers all they tell him. He was also educated by his work, trained in the Soviet system by working in it.

Khrushchev is a very aggressive man, and he kept advancing to higher positions through shrewdness. He also knows how to cultivate people and win them over to his side if he needs them or is afraid of them.

Q What happens if somebody opposes him?

A He knows how to bide his time. Khrushchev never gives up an objective, but, like Stalin, he is always willing to change tactics, to be patient.

Q How about his family life?

A He was married. In 1938, an important party member in Kiev told me: "Khrushchev's wife has just been arrested."

Q He was a member of the Politburo. He was close to Stalin. How could that happen?

A Such things happened sometimes. Molotov's wife, too, was deported.

At that time, Khrushchev was conducting a mass purge in the Ukraine. This purge infuriated the masses against the leadership. The arrest of Mrs. Khrushchev may have been the result of a crafty scheme by Stalin to demonstrate that there is no difference, in this respect, between the top leadership and the masses.

Q What happened to her?

A I do not know. Until 1941, when I broke all connections with the Soviet, I never saw a Mrs. Khrushchev. Recently I read that a German who was freed from a Soviet concentration camp said that Mrs. Khrushchev is still serving her term in the camp.

Q Was Khrushchev criticized? Did people say things against him?

A No. It wasn't safe.

Q Did you ever ask anyone what he thought of Khrushchev?

A No. That was not safe, either. The mere fact of asking the question would imply that he was not approved by all the people. It would sound suspicious.

MASSACRE OF PEASANTS—

Q How did you happen to break with the Soviets? What changed your mind?

A Many things, such as massacres of peasants during the forced collectivization.

Q The peasants were rebelling?

A Yes. There were more than 1,100 peasant insurrections while collectivization was being carried out. One time I was caught in the middle of such an insurrection at a village in the Ukraine.

Q How did that happen?

A I came to this particular village in order to help a newly established collective farm to work out its production plan. In the process of being forced into the collective farm, the peasants were being deprived of their cattle. Naturally, they resented this.

I was working in the building of the rural Soviet when the secretary of the district party committee came down from district party headquarters to check on things. He summoned the representatives of the rural Soviet charged with rounding up the peasants' cattle and started bawling them out for not doing a good-enough job.

When the news that the district party secretary was in the building spread through the village, a crowd of peasants—men and women—armed with sticks and pitchforks surrounded the building and started pounding on the door and clamoring for the party secretary. They wanted to lynch him.

We were imprisoned in the building from 2 in the afternoon until early the next morning. In the morning an NKVD unit came and took care of the peasants with machine guns.

After that, I began to doubt the party line, which was that there would be a great future that would justify all these sacrifices.

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WHO'LL WIN IN FRANCE

Election Outlook: Boom, Peace—and a Turn to the Right

The French voter—disinterested bystander during a long parade of collapsing governments—is about to have his day.

Trend favors the conservatives, as election campaign opens. Better wages, steady prices, general prosperity, all play a role.

But the Communists probably can count on their usual votes—one in four—and may easily wind up with a gain in Parliament.

PARIS

For the first time in a decade of patchwork government, French voters now are to get a semblance of the kind of clear-cut choice between leaders and between policies that Americans get when they go to the polls.

Even this early in the campaign for the January 2 parliamentary elections, two big factors are becoming apparent:

- The French, enjoying peace and the greatest boom in the country's history, seem to be edging a little more toward the right, toward the conservative side in their politics.
- Despite that, however, the Communists probably will hold their voting strength—roughly one of every four ballots cast in France—and stand to increase the number of their seats in Parliament because of a quirk in the election system. They now hold 100 seats. They are counting on 120 after the January election.

The French do not get a chance to vote nation-wide for one man to head their Government, as Americans do in a presidential year. Instead, the January election will decide who will control the next Parliament and form a Cabinet, as in Britain. But what gives the French a clear-cut choice this time is the emergence of two personalities as stars of the campaign now getting under way.

Record vote? One of those stars is former Premier Pierre Mendès-France, 48, a middle-of-the-roader who is supported by the non-Communist left. The other is 63-year-old Foreign Minister Antoine Pinay, also a former Premier and a moderate conservative. As campaign personalities these two far overshadow the present Premier, Edgar Faure.

Most Frenchmen seem delighted that Faure forced a snap election on the country. The campaign has stirred such interest that a vote of record size is being predicted. At hundreds of town halls from the Atlantic to the Rhine, Frenchmen who failed to vote the last time or who have reached voting age since are lining up by the thousands, waiting as long as four hours to register for the January election.

On the surface, political life in France seems as confused as ever. Twenty-eight parties are claiming national status by naming candidates in 30 or more of the 103 election districts. A hundred or more local groups also are running, including an association "for the defense of motorists."

But the central fact of this campaign is that the big majority of French voters will be choosing one of two blocs—the Pinay and the Mendès-France alliances. On the extreme left, the Communists remain isolated. So are the parties of the extreme right.

Although the two groups are not far apart on how to deal with France's problems, they are being matched in the minds of most people as a contest between right and left.

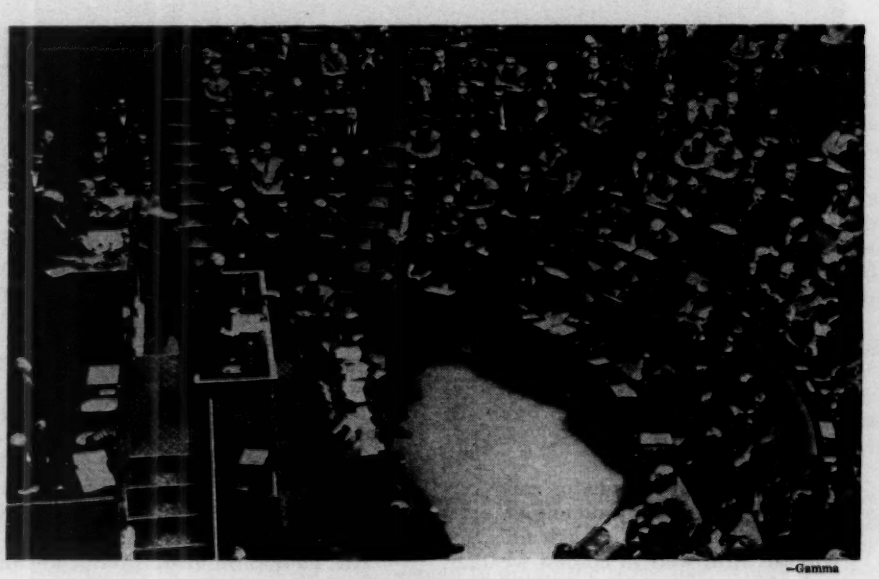
Boom hides issues. The campaign itself finds Mendès-France up against many difficulties. In the first place, the election was called before he could get organized for it. Also, his personal feud with his old friend, Premier Faure, threatens to split the Mendès-France following. And on top of everything else, he is having trouble finding live issues with which to embarrass the Faure-Pinay Government.

Prosperity and peace have hamstrung

(Continued on page 64)

—Burck in the Chicago Sun-Times

"WHERE ARE WE GOING?"



—Gamma

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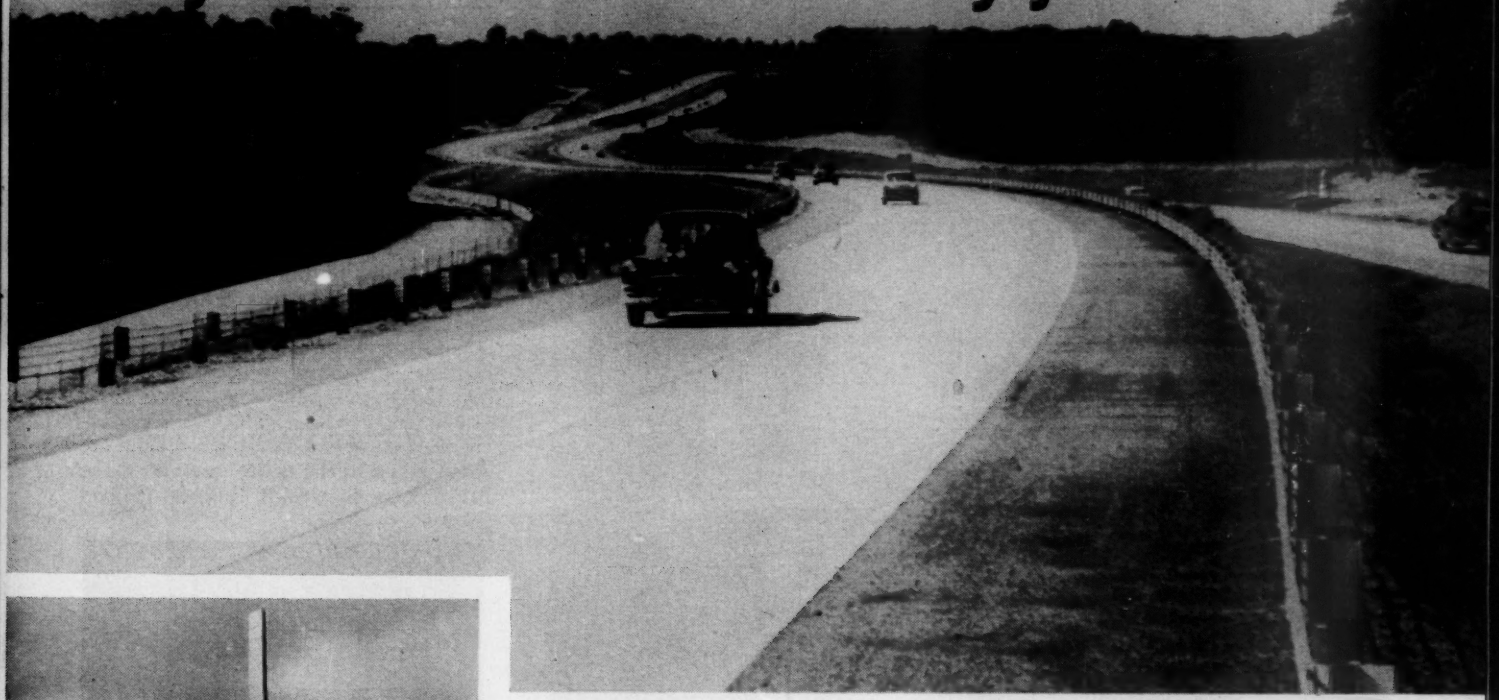

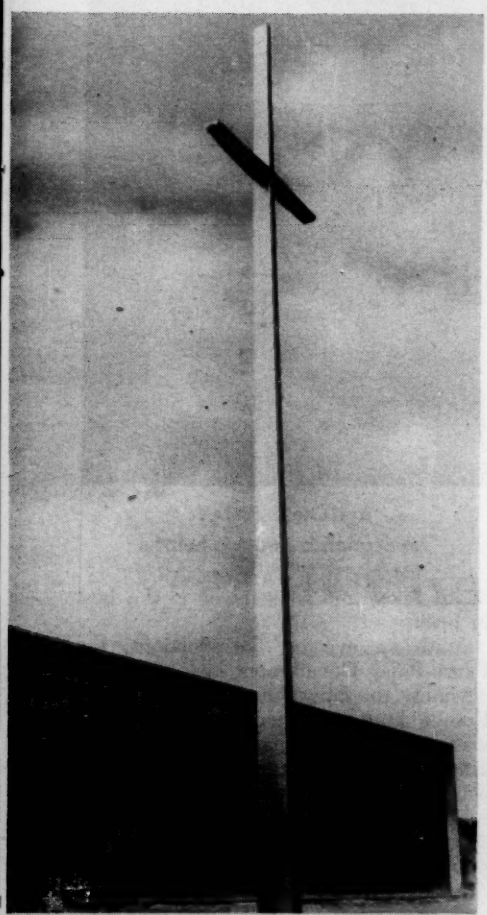

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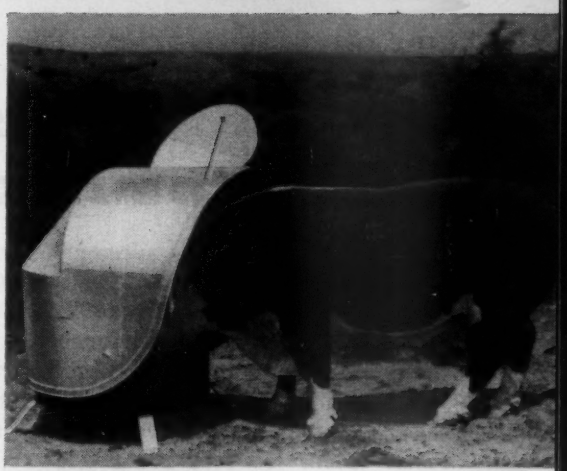

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AUTOMATIC ELECTRIC

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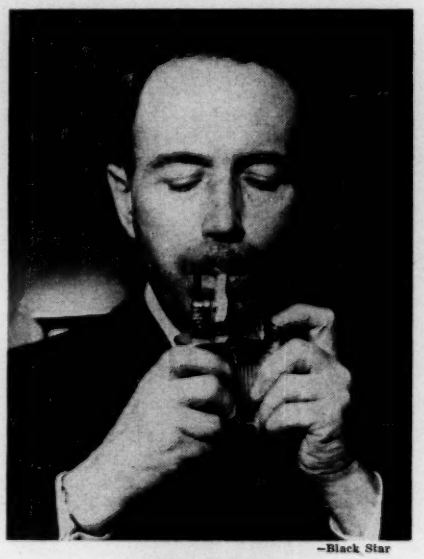
[*continued*] **WHO'LL WIN IN FRANCE**

Mendès-France's criticism of the right wing for what he regards as mismanagement of France. All the basic structural defects in the French economy still exist. But—at least for the time being—they are concealed by the boom.

Aided by protective devices and a general upswing in business, plus what remains of American aid, French production is soaring. Wages have risen almost 10 per cent in a year while prices remain stable. The country's dollar reserves, now more than 2 billion, are about equal to the entire reserves of the British Commonwealth. Business is good



—Black Star

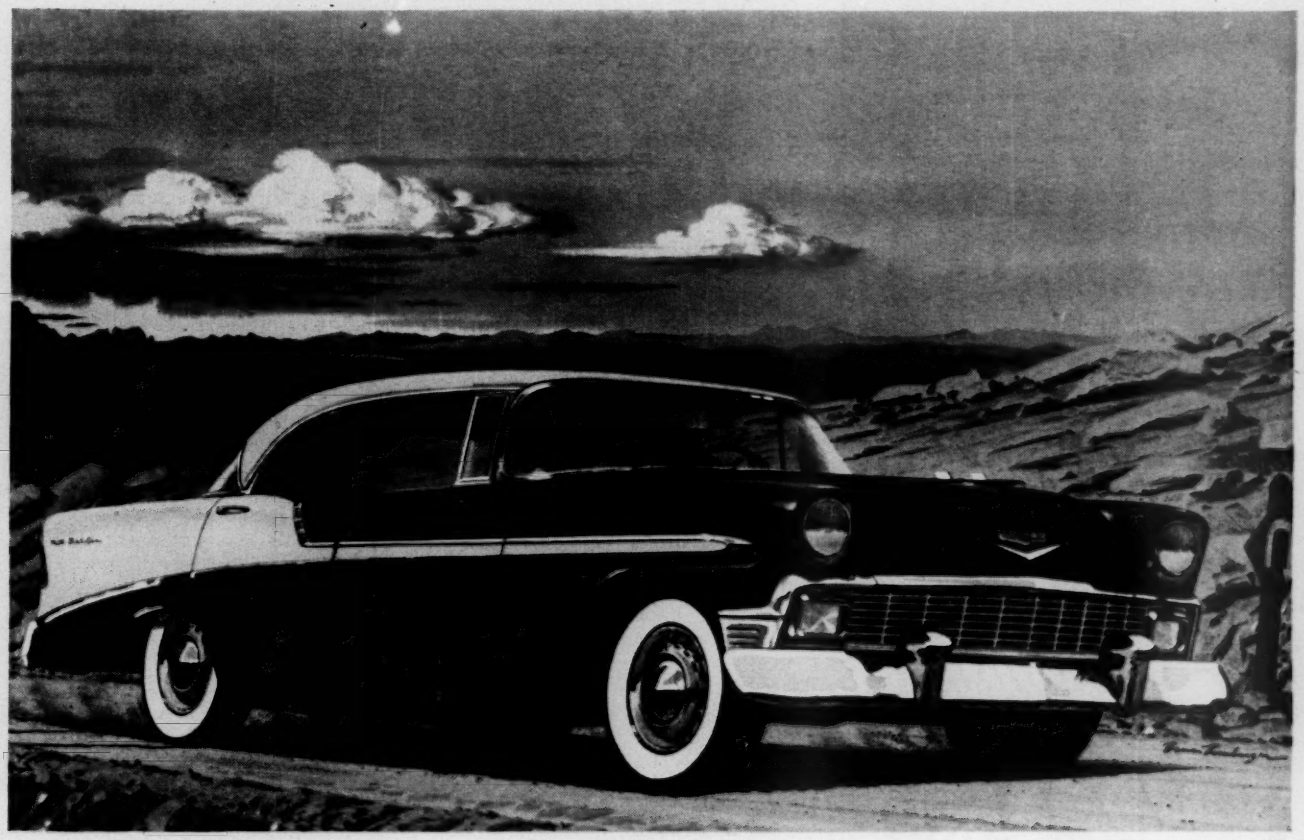
ANTOINE PINAY
An economic boom is helpful

in all lines, and in some it is the best in history.

With an eye on the elections, the Faure-Pinay Government has made concessions to labor now that Mendès-France himself turned down when he was Premier. The nationalized Renault auto plant, the biggest factory in the country, has granted workers a third week of paid vacation plus pay raises tied to productivity. Privately owned plants in the entire metalworking industry are being forced to follow suit—and the workers are well aware how it all started.

A war of personalities. Although sometimes it is hard to find much difference in their policies, Pinay and Mendès-France present the French voters with the sharpest contrast imaginable both in appearance and personality. The two men could hardly be more unlike,

(Continued on page 66)



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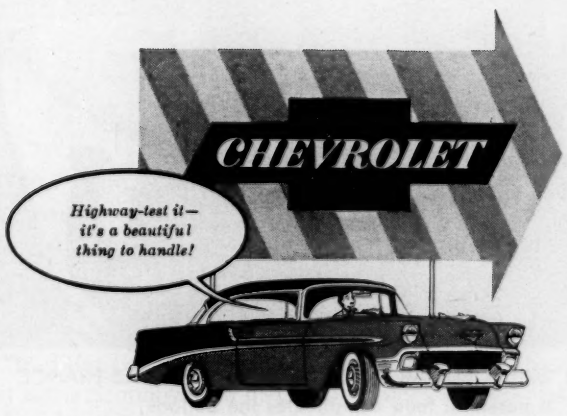

THE HOT ONE'S EVEN HOTTER

[continued]

WHO'LL WIN IN FRANCE

except in height. Mendès-France is 5 feet 6, and Pinay is 5 feet 7 inches.

Mendès-France—black-haired and stocky—looks like a man with a mission. He rarely smiles. He gives the impression of personal intensity that is often mistaken for haughtiness.

Pinay, in contrast, is a modest man with a gentle humor who enjoys an occasional evening in a corner café. His gray hair and gray mustache match the gray suits he always wears.

Mendès-France is an intellectual, a lawyer and an economist by training. Pinay never finished high school. The enthusiastic supporters of Mendès-France often refer to him as "Mr. France." Pinay emerged on the political stage in the role of "Mr. Average Frenchman," with a face in which every provincial Frenchman could see himself.

Both are practical politicians and neither has ever clearly explained his policies for the future, but the words they use are different. Mendès-France talks of "action," "movement," "dynamism." Pinay, in his speeches, prefers to speak of "stability," "thrift" and "gradual progress."

Mendès-France refused Cabinet posts for nine years because he wanted real power—the Premiership—or nothing at all. Pinay, a minor member of the Cabinet for years, became Premier in March of 1952 almost by accident. He hadn't sought the job.

Clear-cut choice. Once in office, Pinay quickly made a reputation as a man of strength who could say "No." He said it to farmers and businessmen seeking price rises, to labor leaders seeking wage increases, to lobbyists seeking more spending by Government. His parsimony set back vital plans for investment. But, in nine months in office, Pinay broke the back of France's inflation and stabilized the franc at the level it since has held steadily.

Mendès-France, during his Premiership, was known to his enemies as "the liquidator." He liquidated the costly, unpopular war in Indo-China, even though the settlement gave a big part of that country to the Communists. He liquidated in Tunisia a colonial system that had blocked settlement with Arab Nationalists everywhere in North Africa. He liquidated the American-backed European Defense Community, the original plan for rearming Germans on the side of the West.

In the field of economics, where he made his earlier reputation, Mendès-France did but little.

It is these two men who, for millions of voters, personify the election that will decide the character and stability of French governments for the next five years.

The way the odds are running now, it appears that Mendès-France will be in a worse political situation in the next Parliament than he was in the last. But, whether Mendès-France or Pinay comes out ahead in the bitter election campaign now under way, the party alliances that have formed around them give the average Frenchman a clear-cut choice between political leaders such as he hasn't had since 1946.

—United Press

IN EARLIER DAYS: EDGAR FAURE & PIERRE MENDÈS-FRANCE
A personal feud complicates the outlook

Gen. John H. Hildring, President, General Aniline & Film Corp., on the UNITED STATES: "I like the *space* on board. Food and service are excellent."

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MEN WHO CHOOSE Scotch with a discerning eye rightly attach high importance to the experience and reputation of the producer. Old Smuggler—illustrated above in the Royal Scot bottle—carries on quality traditions that date back to 1835. It is the Scotch with a history—developed with patience and scruple—and distinguished by great softness and delicacy of flavour.

The Royal Scot bottle is made of clearest glass; for a whisky of such choice character deserves to be seen in its true color.

Men who have tasted Old Smuggler—and their number is ever-increasing—consider its flavour so precious that when drinks are poured, they frequently say, "Careful, don't waste a drop—that's Old Smuggler."

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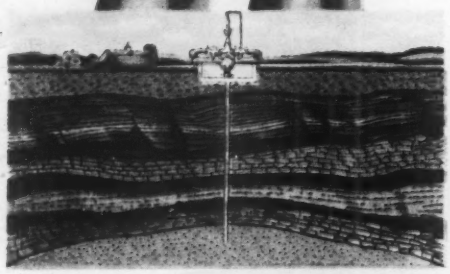
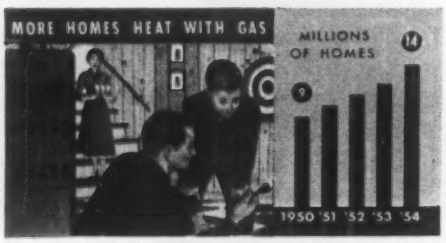
When temperatures sink . . . this summer-stored gas is drawn off to supply the fuel-hungry East.



Sealed underground by thousands of feet of rock and shale, natural gas is pumped into porous sand to be withdrawn as needed.



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The Mess That Peron Left

Argentina Finds Treasury Bare, Industry Run Down

It will be a long, uphill struggle in Argentina to make something out of what Perón left. He almost wrecked the country.

A look around shows run-down farms, crumbling transport; shortages of electrical power, machinery, money, almost everything.

A start on recovery is being made now. If all goes well it can reopen a market for U. S. business, investors in Argentina.

BUENOS AIRES

Traveling about Argentina these days, you get first hand evidence of the mess that 10 years of Juan D. Perón's dictatorship made of this vast and potentially rich country.

Perón's legacy of waste, debt and confusion shows up everywhere.

If you go into the countryside by train, chances are you will ride in a filthy, ancient coach, pulled by a locomotive that must have been built half a century ago. On one fairly short trip a few days ago the train was held up twice because two different locomotives broke down. Trains lurch and sway over wornout rails on a roadbed that badly needs rebuilding.

–United Press

GEN. PEDRO E. ARAMBURU
. . . plans some big changes

If you go by automobile it is the same story. The car itself is likely to be a pre-war jalopy. There are no first-class highways by North American standards. If you do get on a stretch of pavement you'll find it pock-marked with holes. Since there are few paved roads, you'll spend most of your time bumping along on a dusty, dirty roadway that could pass for little more than a country lane in the U. S.

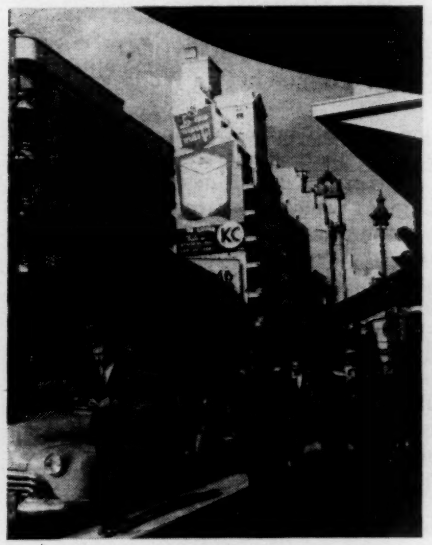
Riding past cultivated fields, you notice that much of the farm machinery is still horse drawn. The corn is weedy. Most crops are grown from varieties of seed that are such poor producers that they were abandoned long ago by U. S. farmers.

If you stop overnight in a provincial town you may find that the water supply is unsafe for drinking. You'll have trouble reading by the flickering, low-voltage bulb in your hotel room.

Capital brownout. Even in Buenos Aires—the second-largest city in the Western Hemisphere—there is abundant evidence of Perón's mismanagement. Public utilities have not been kept abreast of the increase in population. Store windows are dark at night. A nightly brownout dims the city's lights. The use of electric power for homes and for industry is restricted.

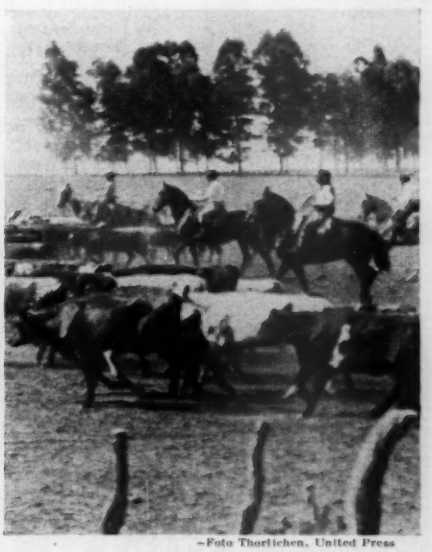
The country is now well into the spring, with the peak load of electric power moving later and later into the evening. Still, on one day recently, three high-tension lines burned out because of overloading and large areas of the city were without light or power from dawn until far into the night. In some areas of the

(Continued on page 70)



BUENOS AIRES

PERÓN: HE LEFT HIS MARK



–Foto Thorlichen, United Press

ARGENTINE CATTLE

In the city and on the farms, a legacy of waste and debt

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[continued] **THE MESS PERON LEFT BEHIND HIM**

city, residents count themselves lucky if the family radio will pick up anything between 7 and 10 p.m.

Every truck and nearly every automobile on Buenos Aires' streets is 10 years old, at least. Some are 20 or even 30. Although the city has a good subway that British investors built—and Perón subsequently took over—its streetcars are almost antiques. There are not enough buses to take care of all the would-be riders. During rush hours, block-long queues are a commonplace sight in the business district.

These things are just the surface scars left by Perón. Actually, his marks on the Argentine economy run much deeper.

The Government-owned railways, air-

ARGENTINE WHEAT
. . . less than before World War II

line, steamship line, grain elevators and export-import agency are deep in the hole.

The public debt is nearly eight times as large as when Perón rose to power. Pension funds have been used to help remove red ink from Government accounts. Tax evasion has been widespread, cutting into the Government's income.

By the time Perón was forced out, inflation had pushed the cost of living to nearly seven times what it was in 1943. The peso was worth 25 cents in U. S. money when Perón took over. It kept slipping and finally got down to 3 cents on the black market.

Although there are just about as many head of livestock now as when Perón came to power, crop acreage dropped sharply during his decade of rule. For example, the area planted to wheat this

season is less than 70 per cent of the country's average acreage of wheat in the years before World War II.

It doesn't take an expert to figure out how Perón reduced the country to such a state. He used the national wealth to buy up railroads, telephone systems and other services once owned by foreign capital. He spent money in the U. S. to buy World War II surplus equipment, much of which is unserviceable now. Other funds leaked out to favorites. Farm policies, punitive in nature, forced farmers out of business and cut agricultural output—long the country's No. 1 earner.

An American banker, after sizing up things here for a visitor the other day, said, "What impresses me most is the great need for all kinds of capital goods. Everything looks old."

Argentine experts, figuring out just what imported capital goods the country does need, are talking in terms of well over 2 billion dollars. They estimate the railroads alone could use 1.4 billion dollars' worth.

Although the new Government headed by Gen. Pedro E. Aramburu has not finished drawing up plans for putting the country back on its feet, broad outlines of the program are beginning to appear. As the trend is running now, many important changes are expected.

Top goal: better crops. Projects to revive and modernize agriculture are to get top emphasis. Labor will be allowed to hold the gains it made under Perón, but further advances will have to wait until the rest of the country catches up. The tax and financial systems of the Government are going to be overhauled and collections tightened.

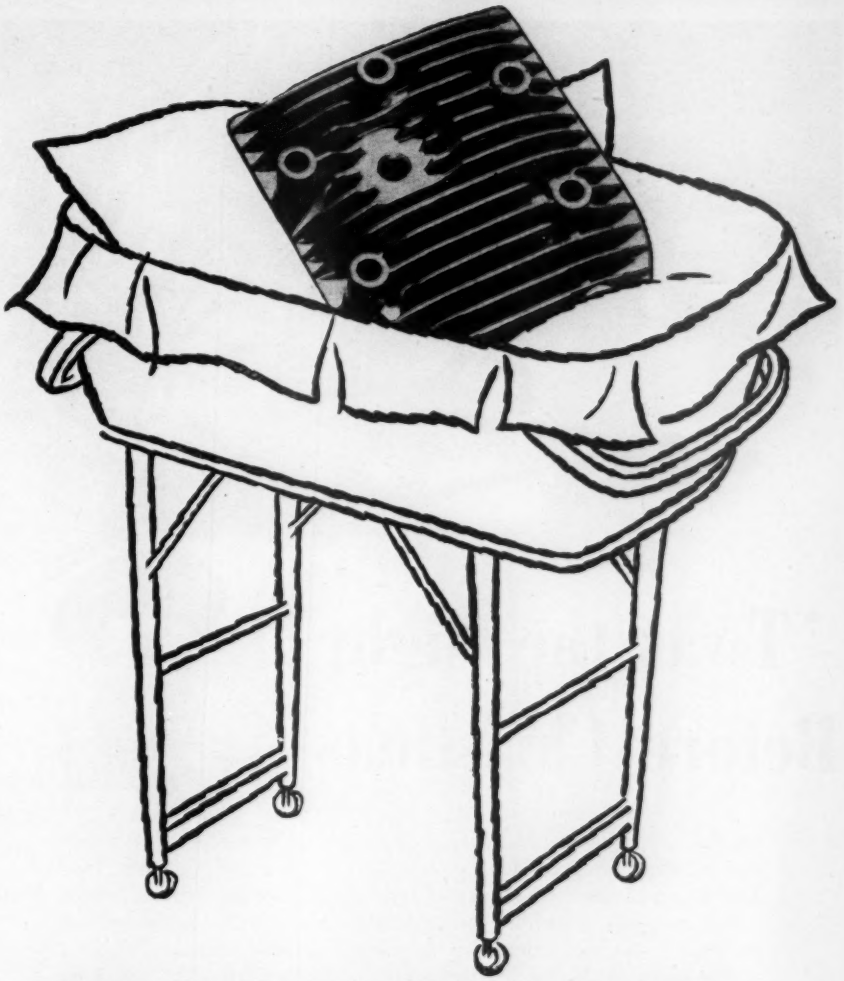
While controls of all kinds are to be dropped as fast as the Government thinks it practicable, imports of capital goods will get preferential treatment for a long time to come. Basic industries such as steel and chemicals are to be encouraged. A large-scale program of housing is in the planning stage.

There still is a strong undercurrent of nationalism here, but most American businessmen think the new Government will welcome foreign investments to help solve its many problems. One North American with long and successful experience in Argentina says: "I think we will fare as well under Aramburu as under any previous administration—and probably better. There will be more freedom. Things will be better all around."

One of the main goals of Perón's successors is to return the country's businesses to private ownership as speedily as possible—but there will be two important exceptions.

The railroad system, by far the largest in South America, is going to continue in

(Continued on page 72)



This casting took a lot of pre-natal care

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'Twas the Night Before Christmas

On the highway between Lebanon and Mason, Ohio, Floyd J. Pemberton wheeled his auto haulaway toward Commercial Carriers, Inc., Detroit, and home, with thoughts of spending Christmas with his family.

Suddenly the world of peace exploded in a metal-rending head-on collision of two cars, 300 yards down his headlight beams.

The driver of one car was thrown out and killed instantly. The other vehicle burst into flames trapping two severely injured women. Truck driver Floyd Pemberton quickly parked, rushed to the wreckage with his cab extinguisher and, at the risk of an explosion of the gasoline tank, put out the fire. After setting out flares to warn oncoming motorists, he turned to the injured, removing and applying a tourniquet to one. The other women could not be moved so he applied pressure pads to control the bleeding. Later, hospital physicians attributed the recovery of both crash victims to the quick action of Floyd Pemberton who modestly made no mention of it in his accident report.

His heroic act, plus a record of 500,000 miles of safe driving, earned for Floyd J. Pemberton the Pro Meritis Medal, the trucking industry's highest award, and won for him the coveted title "Driver of the Year" for 1955.

Drivers like Floyd Pemberton, who keep our nation supplied with goods by day and night, have truly become the "gentlemen of the highways" who can always be counted upon in time of trouble.

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[continued]

THE MESS PERON LEFT BEHIND HIM

Government hands. When Perón took office the Government owned about one third of the railway mileage and the rest was the property of European investors, principally British. Perón bought out the Europeans with much ballyhoo about "economic independence" and "Argentina for the Argentines"—and the railroads have been a colossal headache ever since. But nobody in the Government is thinking about selling them.

Oil drains economy. The other major exception to private enterprise is oil. Argentina now imports about 60 per cent of its petroleum. That uses up more than 200 million dollars' worth of foreign exchange every year, and the country really cannot spare the money. Government planners want to make Argentina self-sufficient in oil, and they think a Government agency should get the job.

Private companies now account for 16 per cent of petroleum production, but they are not being allowed to expand. The Government agency which turns out the remaining 84 per cent of domestic production has considerable oil and gas in the ground, but needs more pipeline to carry them to market.

Officials say the bringing in of 200 million dollars' worth of imported equipment, plus some local expenditures, will make it possible for them to boost production enough to save 100 million dollars a year on oil imports. Private experts don't agree with this estimate, but the Government is expected to go ahead with its scheme. The way sentiment is running now, there is little or no likelihood that private companies will be invited to come in to find and produce more oil.

While the experts are working up rehabilitation plans, the Government is making a start toward cleaning up after Perón. An 8 per cent ceiling on profit remittances by new foreign companies has been taken off. North Americans and other foreign businessmen can now exchange their peso profits into U. S. dollars without any restriction, and send the dollars home.

As an initial incentive to farmers, the floor prices on several crops have been raised. Controls on many other prices have been removed. The Government agency which once handled all buying and marketing of farm produce is being put out of business.

What is being done now is only a beginning. The main plans for Argentina's future are still in the works. And everybody here realizes that it will take big plans and big money to straighten out the mess that 10 years of Perón dictatorship made of this country.

Another Job Completed Ahead of Schedule

Helping to meet increasing demands for petrochemicals, The Standard Oil Company of Ohio's new anhydrous ammonia plant at Lima, Ohio, will have a capacity of 300 tons per day. Engineered to get optimum efficiency from refinery gas and natural gas, and constructed well ahead of schedule, this multi-million dollar project was The M. W. Kellogg Company's responsibility from start to finish.

The M. W. Kellogg Company is privileged to participate in the current expansion program of The Standard Oil Company of Ohio, which provides further evidence of the efficiency of the particular Kellogg process used. It is one of four processes which The M. W. Kellogg Company offers ammonia producers for meeting various local operating conditions.

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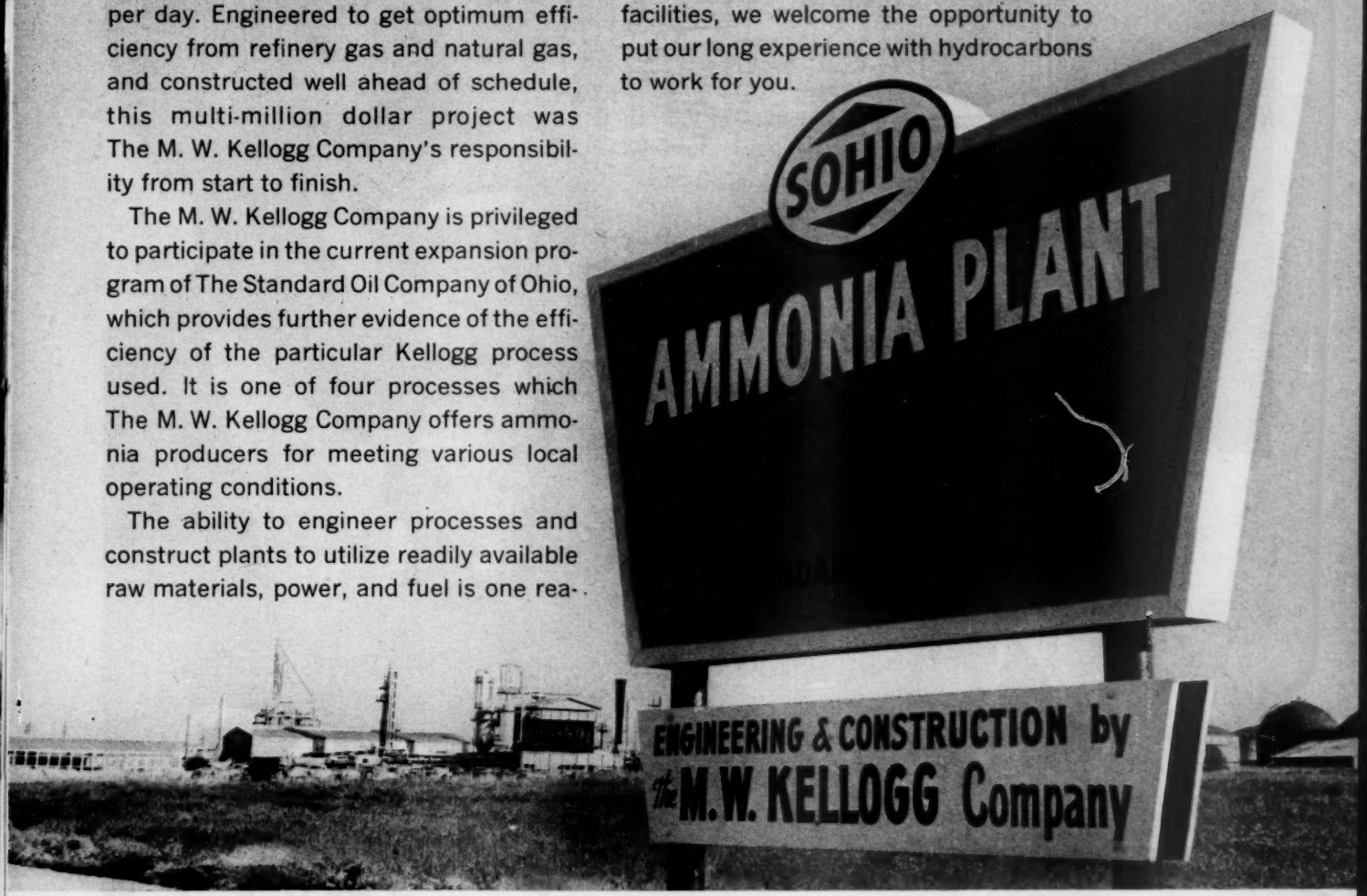

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FROM THE CAPITALS OF THE WORLD

RANGOON....NEW DELHI....LONDON....NEW YORK....

>> U.S. and Britain are having to take a second look at Nikita S. Khrushchev as a result of his troublemaking expedition into India, Burma, Afghanistan.

Old picture of Khrushchev as a clown, a bumbler, a drunkard seems badly out of focus. New picture, taken in Asia, reveals a very different operator.

To many it begins to look as if Khrushchev may be smarter than Stalin.

>> Diplomats have been pained and shocked by Khrushchev's behavior in the Far East. Khrushchev has been very outspoken. He prefers blunt and often ugly words to diplomatic talk. He doesn't go around on tiptoe. He is often impolite.

Diplomacy appears to Khrushchev to mean high-pressure salesmanship, with no holds barred. You soft-soap the customer and knock your competitor as hard as you can. You promise the moon--for immediate delivery, on easy terms.

It's difficult for a diplomat to know what to do about Khrushchev.

>> Looking at Khrushchev's approach in neutralist India and Burma.....

Praise was ladled out by the ton. Praise for socialized planning. Praise for being neutral. Praise for all the policies Moscow wants Asia to follow.

Boasts about Soviet power, Soviet successes in war and peace came next.

Blame was then dished out for all the troubles of Asia--past, present and future. Blamed, of course, was the West, especially U.S. and Britain.

The big lie was trotted out, too, in a breath-taking charge that Britain started World War II, that U.S. is preparing to start World War III.

As the clincher: Massive help from Russia, Khrushchev promises, could be had for the asking, up to and including "our last crust of bread."

>> Khrushchev poked at every sore spot in Asia he could reach.

Portuguese Goa: It's India's, said Khrushchev. Indians ought to grab it.

Southeast Asia pact: U.S. backs it. India opposes it, so did Khrushchev.

U.S. arms aid to Pakistan: Warmongering, said Khrushchev. India applauded.

Formosa: Give it to Red China, urged India, Burma and Khrushchev.

Nuclear weapons: Asia wants them outlawed. Khrushchev said he did, too.

Colonialism: Never forget, Khrushchev told Indians and Burmese, how you were exploited by the British--and will be befriended by Soviet Russia.

In short, Khrushchev's advice to Asia is this: Your enemy was and is the capitalistic West. Your No. 1 friend is Communist Russia.

>> It's clear enough what Khrushchev is up to.

Strategy is to incite Asians to push U.S. and Britain out of Asia, to make the gap between Asia and West so wide that Soviet Russia can drive through.

(over)

Asia's masses are the immediate target. Idea is that Indians and Burmese, if stirred up, will force their governments to follow Khrushchev's advice.

For instance: Nehru of India can guess what Khrushchev is up to, probably is disturbed about it, but can't very well slap down a powerful guest.

U.S., Britain are targets for Khrushchev, too. Those Soviet promises of pie in the sky have already forced U.S. and British governments to reappraise aid programs for Asia, to wonder if they ought to raise the ante.

Soviet promises, even if empty, put the West on the spot in Asia.

>> To make matters worse, Indian feelings are such that Washington can get into hot water with the Indian press without half trying.

A joint U.S.-Portuguese statement aimed at Khrushchev's troublemaking remarks about Portuguese Goa probably didn't upset Khrushchev but it certainly stirred up the Indians. At once they suspected U.S. of siding with Portugal on the Goa dispute.....It was a free round for Khrushchev, courtesy of U.S.

>> In London, British feelings are coming to a boil over Khrushchev. In view of his charge that Britain started World War II, indignant Britons are having second thoughts about the proposed visit of Khrushchev and Bulganin next year.

Cancellation of the invitation to the Soviet leaders is now being urged in the British press and widely favored. Reasoning is along these lines:

"Spirit of Geneva" seemed genuine at the summit conference in July, when the invitation to Bulganin and Khrushchev was extended. It was figured that a visit to Britain might help convince Moscow the West was not aggressive.

Now July's smiles appear merely to be part of a Communist game, designed to fool the West, break down resistance. A visit to Britain would presumably be used by Khrushchev to stir up trouble between U.S. and Britain. London wonders if the risk of a Khrushchev visit may not outweigh any possible advantages.

>> Reasons for the visit of Prime Minister Eden to President Eisenhower in January are piling up. Main reason is that Soviet leaders have double-crossed U.S. and Britain again. After getting the Western leaders to relax in July, to hope "cold war" was ended, the Kremlin has renewed the warfare after all. So:

Topic No. 1 for Eden-Eisenhower meeting is how to handle Soviet Russia. It's the same topic the West has faced for many years. Only difference is that Khrushchev looks somewhat more slippery to deal with than Stalin used to be. You could usually count on Stalin to force the West to unite against him.

West's problem now is to take a new look at a world in which Soviet gains are being registered despite all that's been done to stop them.

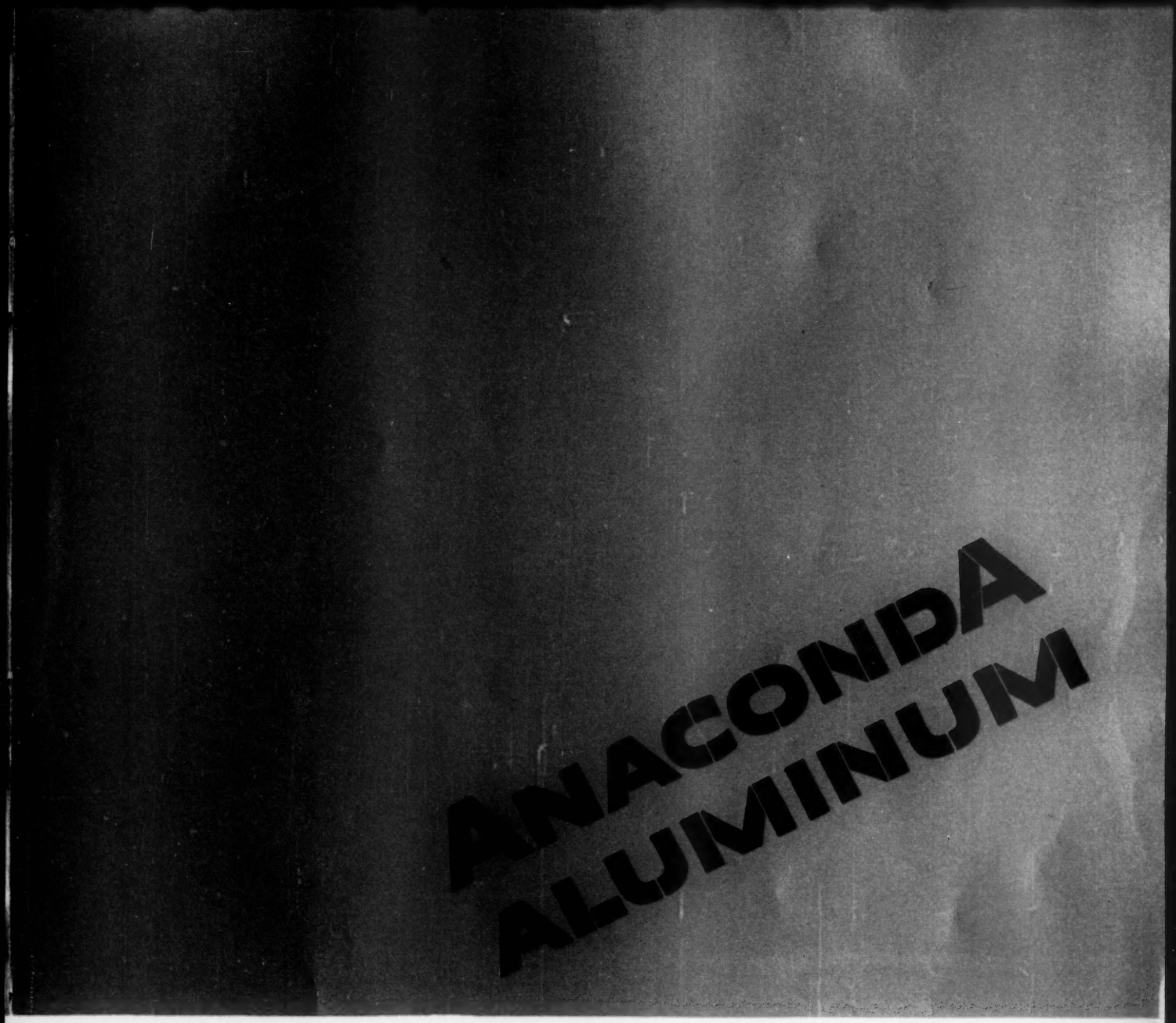
Allied plans haven't solved the problem of Germany. Allied defenses have failed to keep Moscow out of Middle East. Communists are making most of gains in Southeast Asia. Allied defense pacts aren't stopping Communist penetration.

These are some of the headaches for an Eden-Eisenhower conference.

>> There's this significant change in United Nations to keep an eye on:

U.S. is tending to lose influence it had in the General Assembly.

Issue of colonialism is responsible. Morocco, Cyprus, Goa are samples. U.S. can't side with colonies without opposing its key allies, Britain and France. Asian-Arab countries, anticolonial, are learning to work together more and more, usually at U.S. expense, to the profit of Soviet Russia.



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THE MAN ... William McC. Martin **THE NEWS ... Boom Controller**

Turning Credit On and Off: How It's Done

The valve that increases or reduces the flow of money and credit is cautiously tightened by Mr. Martin, Chairman of the Federal Reserve Board. As a result, it is becoming more difficult, more expensive to borrow or buy on installments. The powerful Mr. Martin wants it that way. His objective: to steady the business boom.

—USN&WR Photos

YOU DON'T HEAR very much about him, but William McChesney Martin, Jr., is the man who is making it harder for you to borrow money or to buy a car, a washing machine or a home on time.

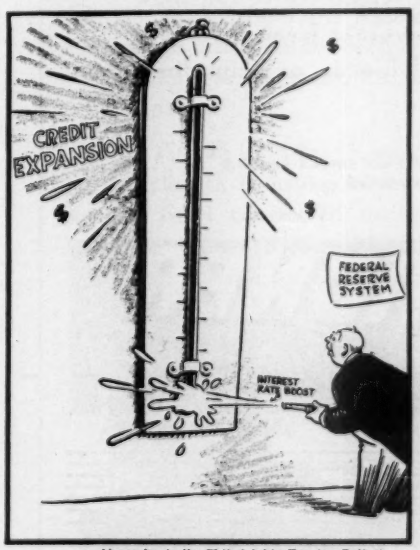
Mr. Martin is Chairman of the Federal Reserve Board. His job is to adjust the flow of the nation's money and credit to the needs of a steadily growing economy and yet avoid an unhealthy boom or an injurious collapse. He sits at the controls —making money scarcer when inflationary pressures threaten and easier to get when times grow stringent.

Obviously, this is a delicate task. Mr. Martin and his colleagues of the Federal Reserve must tread a cautious, careful path between boom and bust. Their decisions are of great importance to everyone —businessmen, investors, real estate and construction men, farmers and just plain people who want to buy something and pay for it later.

Mr. Martin, just 49, has held some big jobs in his time. At 32, he was the "boy wonder" president of the New York Stock Exchange. As an Army officer, he was high in the wartime administration of Lend-Lease to Russia. After the war, he headed the Export-Import Bank and became an assistant secretary of the Treasury. President Truman appointed him to his present job.

In the 1940s, Mr. Martin was closely associated with New Dealers, "Fair Dealers" and "easy money" officials, men such as Harry Hopkins and former Secretary of the Treasury John W. Snyder. But Republicans like him, too. He was retained and reappointed by President Eisenhower, and he works in comfortable cooperation with the present Secretary of the Treasury, George M. Humphrey.

Even experts acknowledge that Mr. Martin is one of the relatively few men in the country with a real understanding of the nation's money and credit system. In a sense, he was brought up in the Federal Reserve System. He modestly denies that he knows all the answers, says he distrusts those who make such a claim. He is studious and thoroughgoing. All this is concealed behind a cheerful, sprightly personality and a quick smile that is shy and almost boyish.



—Alexander in the Philadelphia Evening Bulletin

"HAVING TO COOL IT DOWN"
In reserve: three more measures

Checkreins. Before he acts, Mr. Martin tries to be as sure of his ground as possible. He and his colleagues on the Federal Reserve Board have studied the development of the 1955 boom on a day-to-day basis. As they see it, the boom now is gaining too much momentum, needs slowing down. These things about it are bothering Mr. Martin:

- In his opinion, people have been buying too many things on borrowed money. Installment credit, mostly on automobiles, has shot up. Mortgages on nonfarm homes have risen abruptly. Meanwhile, people are saving money at a steadily declining rate.
- Businessmen, Mr. Martin notes, are beginning to go into debt to accumulate inventories of goods for future sale. Too much stock in the retailer's warehouse can mean fewer orders for the manufacturer later on. Such a situation sparked the recession of 1954. Mr. Martin is determined that it shall not happen again.

The remedy chosen by Mr. Martin is to make borrowed money more expensive.

(Continued on page 82)

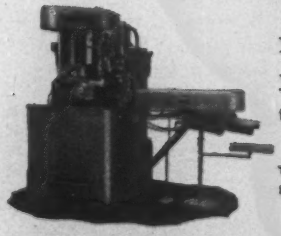
The Stradivarius violin has long been a symbol of the finer things in life—enriched music, contentment and romance.

As time passes its value increases in terms of enhanced esteem.

But it doesn't pay to "fiddle" around with ancient machine tools. The sour note of their increasing cost always shows up on the year-end balance sheet. Rejections mount and production slows down as the law of diminishing returns shaves your profits.

Lees-Bradner has declared war on old and worthless machine tools. With the newly designed, super efficient Lees-Bradner line of hobbing and threading machines you get production efficiency to meet today's, and tomorrow's, high-speed production needs.

Your Lees-Bradner representative can show you why these machines mean money in your pocket. Call him in or write direct to the company.



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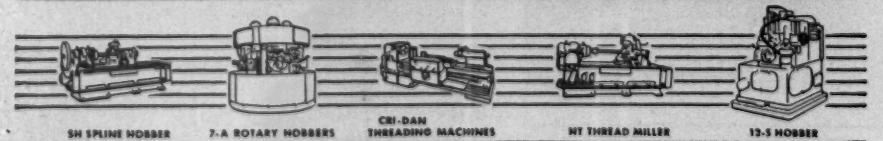

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IF YOU THREAD OR HOB . . . GET A BETTER JOB WITH A LEES-BRADNER

If a boom stops, can easy money start it again? . . .

Four times in the course of the year, the Reserve Board has approved an increase in the interest rate on loans by commercial banks.

The carefully studied result is that these moves to slow down the rate of borrowing for the purpose of making purchases are taking hold. Automobile sales have slowed perceptibly. Contracts for new residential building have dropped somewhat.

Most people close to the situation expect Mr. Martin to keep a tight checkrein on the credit supply until sometime in 1956. Then, if consumer debt begins to fall, the savings rate to stabilize, and, especially, if there is an adverse effect on automobiles and construction, the credit supply is to be loosened again.

But here Mr. Martin confronts and acknowledges a fundamental problem. History has shown that the Federal Reserve can stop inflation by tightening the money supply. But loosening of credit does not necessarily have the effect of stimulating business activity. Trying to make business better by making money easier was likened during the depression of the '30s to "pushing on a string."

The blunderbuss. The powers of Mr. Martin and the Reserve Board often are compared to a blunderbuss. To make money tight in one field, he must make it tight all over, even where easier credit might be desirable. Wartime powers to fix installment terms, to set the percentage to be paid in cash and to specify the total period of repayment have expired, and Mr. Martin is not sure he wants them back, because of difficulties of administration.

There are three anti-inflation weapons, in addition to raising interest rates. The reserves that commercial banks are required to keep on deposit with the Reserve Banks can be raised, with a consequent decrease in funds available for lending. This has not been done since midsummer of last year.

The Reserve System also can sell Government securities, which are purchased by the commercial banks with money that otherwise would be available as a basis for loans. Buying of Government securities by the FRB, conversely, frees money for bank loans. The Reserve System has been using this weapon sparingly.

The Board also has power to say how much a purchaser of securities must pay in cash and what may be covered by a loan. Twice in the course of 1955 it has lifted the percentage of the cash-payment requirement—from 50 to 60 and then to 70 per cent of the total. In both instances, stock-market prices declined temporarily.

As for the psychological effects, Mr.

. . . Coming up: a test for Mr. Martin's policies

Martin says they "are factors that you have to deal with earnestly, carefully, objectively and prayerfully."

Banker's son. Mr. Martin was born in St. Louis, the son of a banker who helped devise the Federal Reserve System. The father for years was president of the Reserve Bank at St. Louis. The son came out of Yale in 1928 and worked briefly for the bank his father headed. Then he switched to the brokerage business and soon became a partner in a St. Louis firm. A short time later he went to New York as a member of the Stock Exchange.

At college, economics had been a subsidiary course for him. But now he tore into the subject in all its aspects. Night courses brought a Ph.D. at Columbia.

The Stock Exchange, meanwhile, was in difficulties and being subjected to federal regulation. The "old guard" members were opposed to Government intervention, but their defiance collapsed with the confession of Richard Whitney, Exchange president, that he was guilty of misappropriating funds. Mr. Martin became president and worked out regulatory details with the Securities and Exchange Commission.

When war came, the draft switched Mr. Martin from his $48,000-per-year job to that of an Army private. He emerged a colonel and took charge of the Export-Import Bank. There, he often bucked the Truman Administration on foreign loans he considered unsound.

Secretary of the Treasury Snyder, meanwhile, took a liking to Mr. Martin. They became intimates. Toward the end of his stay at the Treasury, Mr. Martin worked out a stubborn disagreement the Treasury had with the Federal Reserve Board. This restored much of the latter's freedom to buy and sell Government securities as the needs of the economy dictated and not for the purpose of pegging prices.

As Chairman of the Federal Reserve, Mr. Martin likes to keep policy flexible, adapt it to needs as they arise. When the tight-money policy of the Eisenhower Administration—in which he concurred—almost created a financial panic in 1953, Mr. Martin did a quick about-face, loosened the controls rapidly and effectively.

A man who cherishes the independent authority of the Federal Reserve, Mr. Martin is in for some testing in the period ahead. Some Congressmen already are objecting to the squeeze in housing and automobiles. Important Republicans, and Democrats too, will want an easy-money situation to help election campaigns.

On the basis of the record, they will find Mr. Martin—with his hand on the throttle of the U. S. economy—a hard man to budge.

—by special delivery

As a precaution against foreign objects being sucked into turbine propeller blades, in the huge TVA hydroelectric power system, intake water passes through "trash racks."

At Pickwick Landing Dam, there are six propeller turbines of 48,000 H.P. each, activated by the flow of 8,000 to 12,000 cu. ft. of water per second . . . more than 500,000 gallons per minute for each turbine, at full capacity.

To equip units 5 and 6 at Pickwick Landing, International Steel contracted to furnish the Trash Racks. 36 welded steel assemblies were supplied. Half of these were 20 feet square and weighed 8 tons each. The total shipment amounted to 252 tons.

Such unwieldy structures required forethought in handling and shipping. Transportation was by river barge from Evansville direct to destination.

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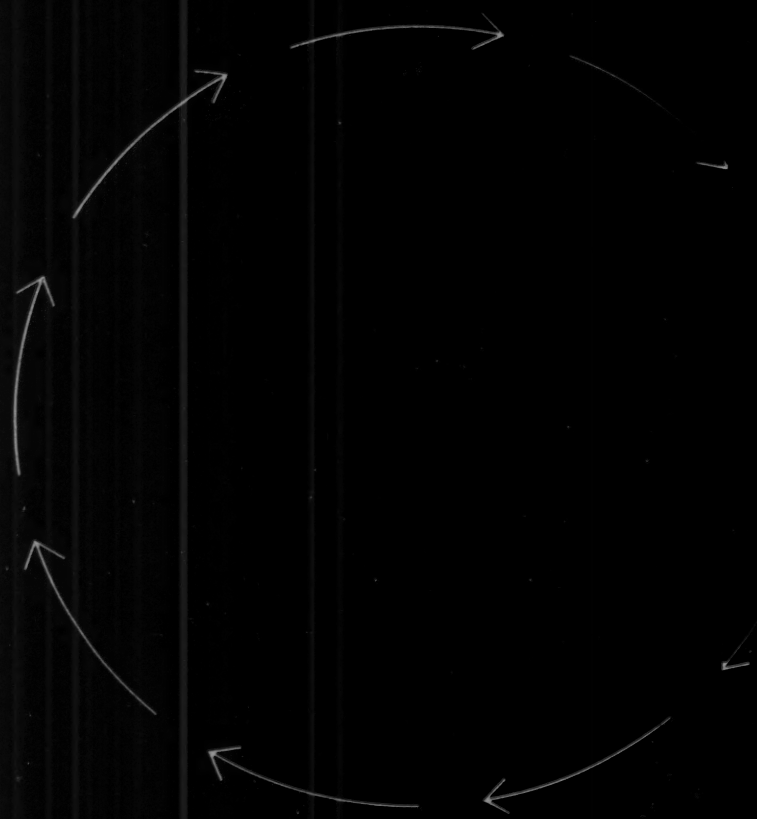

THE SHOT THAT WILL BE SEEN AROUND THE WORLD

The big count-down has begun. In something less than 6,000 working hours, a voice will toll off the final seconds to a zero count that will commence the greatest adventure in our time.

That zero count will launch ESV VANGUARD—the Earth Satellite Vehicle that is to take its place in history as man's first exploratory step in the conquest of the final frontier—space itself.

VANGUARD is the name assigned to the scientific satellite project announced on July 29 by the White House, the National Academy of Sciences, the National Science Foundation, and the Secretary of Defense. The total project is a joint Army-Navy-Air Force program under Navy management.

Because of a ten-year record of experience in upper-air research as builders of the Viking Rocket series for the Navy, on September 23 Martin was awarded the prime contract for the major part of the project, the satellite launching vehicle. Martin has awarded the subcontract for the first-stage rocket motor to General Electric, and subcontracts for certain additional critical components will be announced.

The small, earth-circling unmanned satellite will be carried in the final stage of a multi-stage rocket launching vehicle. The system will be launched some time during the International Geophysical Year (July, 1957—December, 1958).

Although the exact characteristics of the satellite itself have not been determined, it will be large enough to carry essential research instrumentation and to be tracked from the ground by optical and radio devices. It will in fact be both seen and heard around the world.

The satellite will be established in its orbit around the earth in this general manner: The launching vehicle will consist of a three-stage rocket. The first stage will propel the assembly on the initial segment of its flight. At burn-out, the first stage will drop off, and the second stage, in controlled deflection from the vertical, will continue the satellite upward. The final rocket stage, carrying the satellite proper, will achieve a top speed of about 18,000 mph—sufficient to establish the satellite in its orbit, there to continue on its own momentum. This high velocity will balance the earth's gravitational pull.

The satellite's orbit will be slightly elliptical, with its nearest approach to the earth (perigee) about 200 miles distant. It will circle the earth approximately once every 90 minutes for several days. The slight but cumulative drag from atmospheric molecules at the 200-mile altitude will bring the satellite gradually closer to earth. And, finally, the friction of the denser atmosphere will cause it to disintegrate, much in the fashion of a "shooting star."

Detailed information on this historic adventure into space will be shared with the scientists of some forty nations participating in the IGY.

Thus one day soon, in the hour before sunrise, as men the world over train their binoculars upon a brilliant point of light in the sky, they may well reflect upon the universality of man's faith in the infinite future of man.

It should be an immense moment in history, and we are extremely proud of our responsibility in helping to bring it about.

MARTIN
BALTIMORE

Interview with LIEUT. GEN. JOSEPH H. ATKINSON

Commander in Chief, Alaskan Command

"WE ARE ONLY 5 MILES FROM RUSSIA"

At just one spot in the world, Soviet Russia is within sight of U. S. territory. "Incidents" already have occurred there. Real trouble is always possible.

Is that the area, where Alaska and Siberia come together, in which attack will come if war breaks out? Does Russia have big air bases nearby? Are Red planes actually scouting Alaska now? What are 50,000 U. S. troops doing there? Could Soviet bombers get through this area to attack targets in continental U. S.? How much warning, if any, could American cities expect?

The answers are given below in detail, in an exclusive *U. S. News & World Report* interview, by the American best qualified to give them—Lieut. Gen. Joseph H. Atkinson, commander of all U. S. military forces in Alaska.

Q General Atkinson, we hear a great deal of a possible attack from Russia across the North Pole. Is that feasible?

A The Soviets attacking us across the North Pole? Certainly.

In my opinion if we do have an attack, that is where it will come from. The shortest route to the United States is from the land masses in the Murmansk area and the Siberian peninsula across the polar basin. It's the ideal way for them.

Q Do they have aircraft capable of that?

A Yes.

Q How long in flying time over the Pole would that be?

A Eight to nine hours, from the Chukotski Peninsula in Siberia to the Midwest. For instance, if they didn't want to fly over the Alaskan mainland because of our warning system, they could circumnavigate it by going around through the polar basin. Since we don't have the DEW [Distant Early Warning] Line in yet, they could fly down through Canada until such time as they were picked up by the Canadian air-defense warning systems, about a couple of hours' distance from the United States.

Q That would bring them down toward Chicago and Detroit?

A Yes.

Q Can they count on doing that and getting back?

A Yes, by using the refueling technique.

Q But when the DEW Line is completed, that possibility will be lessened?

A Yes, greatly decreased.

Q When will the DEW Line be completed?

A I can't answer that exactly because I really don't know. I don't have anything to do with the administration of the DEW Line.

Q Part of the DEW Line is in Alaska, though, isn't it?

A Oh, yes.

Q How near completion is that part of it?

A I hope it will be completed in two or three years.

Q Can't the Russians, without any further development of the Chukotski area, already launch an air attack? Why would they have to develop any more if they have a base there now?

A Well, they wouldn't have to except that an attack now, numberwise, would be limited, due to the number of bases they have that would support large bomber operations. They have a lot of flying fields over there. We're quite sure of that. But many of the runways are short.

Q We hear a good deal now and then of patrol flights. What do you do on these patrol flights? Are you after weather data, or are you on guard?

A We have two types of patrol flights in the Alaskan Command, part of which are operated by the Navy, which have become of increased interest to the public because of the Neptune incident. [A U. S. Navy Neptune patrol plane was shot down over the Bering Sea by Soviet MIG fighters on June 23, 1955.]

These patrol flights are operated, or based, in Kodiak, at the headquarters of the Alaskan Sea Frontier. They operate out over the Bering Sea and into the Bering Strait. There are a number of reasons why we operate these patrol flights.

In the first place, in time of emergency or in time of war, I am convinced that we would certainly want to operate reconnaissance-patrol flights in the Bering Sea for very obvious reasons. My experience at war has been something like this—if you can practice something in time of peace which you may have to execute in time of emergency, you'd better go ahead and do it.

There's no reason why we shouldn't be flying over the Bering Sea, so we are doing it. It's good practice. Crews get weather information while they're at it. They are not weather experts, but the airplanes are instrumented for weather and

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Danger Area Between Siberia and Alaska . . . Red Attack "Possible" Over North Pole . . . New "Incidents" Ahead?

Lieut. Gen. Joseph Hampton Atkinson, USAF, a 55-year-old Texan, is the top U. S. military man in Alaska at this time. As commander in chief of the Alaskan Command, he heads up a joint military organization composed of airmen, ground soldiers and Navy men, plus thousands of civilian technicians, charged with defending the territory.

In World War II, General Atkinson commanded bomber units in Europe and North Africa, rising to be deputy commander of the Fifteenth Air Force. In 1946, he became commanding general of the Alaskan Air Command, a post he held until 1949, during a period when the air defense of that area was being built up. In November, 1952, he became vice commander of the Alaskan Command. He took over the top post there in March, 1953.

so we do get some weather information from them. They learn to navigate in the area and learn the problems involved, which are considerable. They have to use grid navigation in the northern latitudes, for instance, that they don't have to use in other parts of the world, and so forth.

Q It is not, therefore, defense patrol in the sense that you do it every day?

A Well, no, not every day. We run those patrol flights about three or four times a week. It depends on the availability of crews and aircraft.

Q The Neptune episode indicates that the Soviets had some aircraft in that vicinity—

A Where the Neptune incident occurred, as you probably remember, was in the narrow straits of water between St. Lawrence Island, which is our sovereign territory, and the Soviet mainland, the Chukotski Peninsula. The Soviets have a base at Provideniya.

Q How far away is that from Alaska?

A It's about 50 miles from St. Lawrence to Cape Chukotski. Whether that fighter came from Provideniya, I don't know. But I hear that they have a field there.

Q Do they have other bases near there?

A Yes, we think they do have. Some of them we know they do have.

Q And yet you ask the average American how close the Russians are to us, and he'd say over the Pole, 3,000 miles, and here they are, almost a stone's throw from American territory—

A Not only that. Their seacoast peninsula out there through the Bering Strait is only about 55 miles from Cape Prince of Wales, American territory on the Seward Peninsula, so the two peninsulas are only 55 miles apart. Of course, our closest geographical point of contact with the Soviet Union is at the Big and Little Diomedes--Big Diomede belonging to the Soviet, and Little Diomede belonging to us—and that's only a difference, I'd say, of 5 miles.

Q These are islands in the sea—

A Yes, right in between those two points of land.

Q What are these areas like—is it wasteland, or are there people in there?

A What we actually know about the country is very largely what we learned during the war. You know, we ferried airplanes from Alaska, through Siberia, to the Eastern Front. I'd say there were thousands of airplanes ferried through there during the war.

Q Well, is it your impression that this is heavily populated?

A No, it is not heavily populated. It's sparsely populated.

Q Is it the same kind of territory as Alaska?

A Very much the same as Alaska, which is on the same latitude. It's a mountainous country. There's no question about that. I've seen the coastal territory many times myself from a distance, and I know it's very similar to the terrain in Alaska along the coast.

Q Do our planes fly within photographic range of the Soviet coast there?

A We have planes that would possibly be, from time to time, within photographic range. It would depend upon what kind of a lens you had. It would have to be a very long lens, I might add.

Q If this is sparsely populated area here, what are the nearest cities to the Bering Strait?

A Well, the only thing approaching a city would be Petropavlovsk, way down on the Kamchatka Peninsula. Of course, we're not so far from there, as far as our territory is concerned, because our territory runs out in the sea to Attu, which is a distance of about 200 miles from the Soviet's Komandorski Islands.

(Continued on next page)

. . . Jet attack on Seattle? "Probably six hours' warning"

Q But they have no cities except very far in—

A No, you have to go about 400 miles from their coasts.

Q Whereas if they're coming in our direction, how long does it take them to get to Seattle and cities of British Columbia, and so on?

A You are thinking of the threat posed if they were to concentrate their aircraft in these bases in the Chukotski Peninsula. Well, the nearest route to our West Coast and Seattle would be practically over the middle of Alaska. That would take them timewise probably about six hours by jet bombers—not over that. If they had to circumnavigate Alaska, and it's part of our job to see that they don't fly over Alaska, then their problem is magnified considerably because they would have to go 600 or 700 miles out of their way.

Q Do you think both sides have sizable forces in that area, or would you regard that as a very unlikely area for hostilities in the event of war?

A This is my personal feeling: I think at the present time, from what I've been able to find out, that this peninsula area of Siberia has not been built up. I'm thinking mostly of air bases now, because there's no way for them to do anything with it except to exploit their air-power potential. They have not built it up with air bases the way we have in Alaska.

We have, as you know, spent large sums building air bases in Alaska. They haven't done that to the extent that we have, I don't think. They are doing it now, however, and in my opinion it's a most likely potential place for development in the Soviet Union because it's a natural place for them to launch an air strike against the United States. It's their nearest land area to the continental United States, and I think they haven't developed it as much in the beginning as we have because they have a logistics problem that's very great. Ours is great, but theirs is much greater.

Q Do you suppose they could pull off a sneak attack on us from there?

A Very likely they could. However, if they flew over the Alaskan mainland, I don't think they'd get by with it because we'd pick them up.

Q The Japanese tried landing on the islands of Attu and Kiska. Do you think there'd be any likelihood of the Soviets trying landing on those outpost islands? Why did the Japanese do it?

A I don't know exactly why the Japanese did. My personal opinion is—although I've never studied the history as to just why the high command decided to do that—but it's always been my impression, and still is, that it was probably due to the fact that they wanted to create a condition which would result in a maldeployment of our forces, which were limited. If that was their reason, I think it was a very good reason.

RADAR SITES IN ALASKA—

Q Do you have a lot of radar sites scattered out there?

A Yes, we have a number of them in the Alaskan Command.

Q How near are they to the North Pole?

A They are a long way from the North Pole. Point Barrow is the northernmost part of Alaska, and that's something less than 1,400 miles from the Pole, I'd say.

Q Do you have a unified command in Alaska?

A Yes, it's a unified command, and that's my position, commander in chief of Alaska.

Q Is it publicly known how many military personnel we have up in that area?

A Not in exact terms, although everyone knows that it's somewhere near 50,000 military population.

Q Is that an unusually large number to have up there in peacetime?

A I don't believe it is. No. I think we need what we have personnelwise.

Q How much Navy is up there?

A There are no combat units of the Fleet. No surface combat units of the Fleet are stationed in Alaska now.

Q How much warning could the people in Seattle get, for instance, if the Soviet broke through our radar warning system?

A I'd say it would depend upon the speed of the aircraft. With a jet aircraft, they'd probably get about six hours' warning if it flew over Alaska. If it were a Tu-4 [propeller-driven bomber], they'd get several more hours than that.

Q How long would that flying time be if they circumnavigated Alaska?

A If they circumnavigated, they'd probably lose a couple of hours or more.

Q Is there a military setup behind you in Canada, too?

A Yes. We have a joint plan. It's called ALCANUS for short—Alaska-Canada-U. S. defense plan.

The Alaskan Command is signatory to this plan, as is the Western Sea Frontier and the western defense system of the United States. We get together about once a year. The commanders get together about every six months, sometimes in San Francisco, sometimes in Canada or Alaska. And we run exercises—CPX exercises [CPX: command-post exercise]—with the participation of the Canadians. We haven't, during my tour of duty, actually held a maneuver where the Canadians were involved.

PATROL FLIGHTS: ARMED—

Q On these patrol flights, do the people go out armed or unarmed?

A They are armed.

Q Why, in the case of the Neptune, weren't they able to fire back?

A They didn't, simply due to the fact that they just didn't have any time.

Q But they were capable of answering?

A Yes.

Q Has that always been true? Have we always had our people armed on these patrol flights?

A Not always.

Q When did that change come into effect?

A I would say that we've had them armed for two years in that area.

Q What are their instructions if they are attacked?

A Well, their rules of engagement are well laid down, and the combat members of the crew understand them thoroughly. Briefly, without running into any details, it's something like this: If they are attacked, they are to fire back.

Q But hasn't that always been the case? Is that new?

A I don't think there's anything particularly new about it. I mentioned that they've been armed about two years. I may be wrong. Maybe they've been armed longer than that.

(Continued on page 91)

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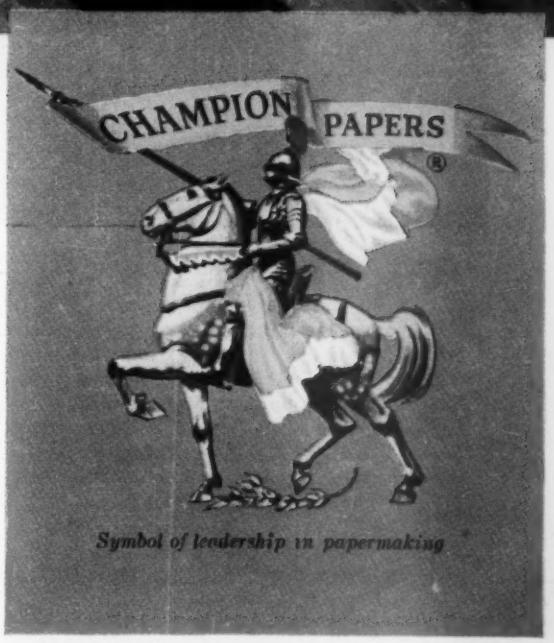

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. . . U. S. retaliation "would be a matter of hours"

Q Do they have to be fired upon before they can fire back?

A Not necessarily. I had quite a bit of experience in combat operations in the last war, and it went something like this: If a fighter-type airplane flies a "pursuit curve" as we know it, and you're in a bomber, or if a fighter aircraft at any time points its nose at the bomber at close range, that is definitely a hostile act—you know the aircraft is unfriendly.

As a matter of fact, some of our own escort fighters got shot down during the last war by their own bombers for doing that very thing. There is a friendly way to approach a bomber or patrol plane, and that is to fly up alongside it.

Q Do you think the Russians know the friendly way?

A Well, I think they do.

Q Maybe they just don't understand—

A From what I learned talking to the Neptune crew, there was only one pass made and that was a firing pass from the rear lasting four or five seconds. That's all there was to it.

Q Has anybody any explanation as to what they thought they were doing?

A I have no explanation. Anything that I'd offer would be pure conjecture. I simply don't understand it. Certainly the crew didn't understand it and didn't expect it.

Q Couldn't it have been that the other fellows happened suddenly on this craft and got excited and fired?

A That's within the realm of possibilities, but I don't think that's a very likely assumption.

Q Wasn't the discussion about indemnity based on the theory that there was an exchange of shots? We deny that, don't we?

A There was no exchange of shots, definitely. We know that.

Q When they got back, did someone examine the ammunition to see what it looked like?

A We did, to the best of our ability, but there's no question the way the thing happened; there was just no chance for our guns.

THE "STRATEGIC" MISSION—

Q What is your relationship with the Strategic Air Command? Are you under them?

A No, but we do have a great deal to do with them. As a matter of fact, I consider one of my primary missions up there is to build and maintain in a state of readiness air launching platforms for the Strategic Air Command—or anyone else that might be launching a strategic air offensive.

Q Are the bombers up there?

A The bombers would be brought in from places other than Alaska.

Q What kind of aircraft do you have up there?

A Fighters primarily—all-weather fighters and some day fighters. We have no striking force in Alaska today.

Q In other words, you are defensive?

A We are a defensive command in its entirety.

Q To whom do you report?

A I report to the Secretary of Defense, through the Secretary of the Air Force. Actually, I report to the executive agent, which is in this case the Chief of Staff, USAF.

Q Do you have troops to guard the air bases there?

A Yes, we do have. But to go a little further with the last question, my directives come from the Joint Chiefs of Staff and are passed to me through the executive agent, which in this case is the Chief of Staff of the Air Force.

Q Do you think that, if an attack came, there'd be a matter of minutes or hours before we would be able to retaliate through your area?

A Well, now, it would be a matter of hours, certainly.

Q Because you wouldn't have any offensive force—

A We don't have any there. As of now, I know of no one with any striking forces that could operate out of Alaska except the Strategic Air Command, and they are hours away.

Q How sure are we that the radar-network system would work? What chances are there that the warning would get through?

A Well, the radar equipment that we use in Alaska is exactly the same as they used in the continental United States, so you know it has holes in it. If you fly below 2,000 feet, say, or below some altitude—the Continental Air Defense Command usually refers to the 5,000-mark elevation as being "the dangerous mile"—certainly, if an airplane comes in there at that altitude and could maintain that altitude, we'd miss it. However, most fortunately for us, he'd be forced to fly a lot higher than that to get over the mountains and we probably would pick him up.

NO RADAR OVER OCEAN—

Q You indicated earlier that it's possible to go around by way of the islands and across the water and escape the radar. It is possible to do that?

A Oh, yes.

Q Then our radar net doesn't go out into the ocean?

A No, not from Alaska.

Q Should we have a striking force in Alaska?

A Yes.

Q If we had a striking force there, what would be some of the practical targets for them to hit at?

A I think I'd better tell you a little bit of my thinking on that. I think we ought to have a striking force in Alaska, but not a horizontal bombing force like the Strategic Air Command has. I don't think this should be in Alaska ever on a permanent basis. I think they ought to stay there only a very short length of time, just as short as possible for the good reason that we are too close to the possible enemy. I don't think we need any B-47s up there now.

I do think we need some fighter-bombers. The target, of course, in that instance would be limited by the range of the fighter-bomber, so you couldn't go too far into the Siberian peninsula.

Q Why is it that we don't have any kind of striking force there now?

A We didn't have one up there before because we simply didn't have enough to go around.

Q Couldn't you have some Matador missiles, or something like that, stationed within the range of the enemy?

A Yes.

Q When the 137-wing program is completed, will there be more fighter-bomber units up there than there are now?

A I think there will be one there before that.

Q Do we have any bases in the Aleutians?

A Yes, we do. As you probably know, during the second World War, a tremendous military effort was made to reinforce naval operating bases, Army forts, and increase the flying fields in the Aleutian chain. Most of them have been dismantled since then, but we still have the naval base at Adak. Adak has pretty fair harbor facilities and can accommodate

(Continued on next page)

. . . "Flying in Alaska not much more difficult than in U. S."

a great many units of the combat Fleet, and they have a good flying field.

Q Can the commercial airlines get much benefit from our Adak base?

A They get some benefit because it is an emergency stop, which is a great asset to them. I don't think they'd feel very good about their operations from Tokyo into Alaska if Adak wasn't there.

Q Do Russian planes ever fly over any of these installations?

A I imagine they have, from time to time.

Q Have you caught any of them at it?

A No. We've had reports. I can't actually say that they have flown over the mainland of Alaska. I couldn't prove it. We've had Eskimos report "contrails" [condensed-moisture trails from jet planes] up in the sky and we've checked our position reports and none of our planes were there. Maybe we didn't have radar equipment there at that time, so we don't know.

Q You use the Eskimos?

A Yes, we have the Eskimos integrated in the Ground Observer Corps, and they do a pretty good job. Of course, they have a little bit of trouble getting the information back. They have to wait until they get to a radio.

Q What would happen if our patrol planes spotted a Soviet plane over one of our installations? Would it be shot down? Would it be warned to land?

A It would certainly be warned to get out, and if he didn't head back for territory other than ours, he'd be immediately shot down.

Q How about loyalty of the Eskimos?

A I have no doubt about them. They are very loyal.

Q What about the Eskimos on Big Diomede who are related to the Eskimos on Little Diomede—do they have any contact?

A Yes, they do have, to a limited extent. Since the Soviet adopted the Iron Curtain policy, even the Eskimos have had trouble getting back and forth to see their families and friends. At one time, you know, they shuttled back and forth across these straits very freely.

Q Do you anticipate, in case of war, an enemy airborne attack—enemy troops being landed in Alaska?

A Yes, we anticipate that to a degree. At least, we have war plans with that assumption.

Q That would make a nice base if they could establish it?

A Yes, it would.

Q And you have plans to meet that?

A Yes, we do. That's what the Army is up there for, as well as the Air Command and the Navy to some extent.

Q Do you have considerable antiaircraft artillery up there?

A Yes, we do at all the main installations—Air, Navy and Army.

RUSSIAN SUBMARINES—

Q Is there any Russian naval activity up in that area? Have you spotted any Russian submarines?

A No, I don't think that we have. We have spotted some "submarines," but most of them turn out to be whales. It is possible. There's no reason why their submarines shouldn't be up there, however.

Q Is fog an operational hazard for you up there?

A Yes. In the Aleutian chain in the summer, fog is a hazard to air operations. However, the mainland of Alaska, around Anchorage and Fairbanks, is comparably free of fog—except ice fog. In the winter we have ice fog up in the cold part of Alaska, in the Fairbanks area. It's quite a phenomenon. It doesn't form unless the temperature is a minus 30 degree Fahrenheit. If the air is still, below minus 30 degrees, and you are in a built-up area where heat is escaping, then you have the conditions for ice fog.

Q Does it cost more to support the troops in Alaska than it does anywhere else?

A I can't answer that exactly, but I know that it costs a lot. I can't tell you how much it costs, but I can tell you something of construction there, which might be of interest. The construction in Alaska runs from 2 to 6 times as great as it would be in the continental United States—that is, compared with Seattle prices. It has gone down considerably since my first tour there, six years ago, but in the Anchorage area it is about 2 to 1 over Seattle, in Fairbanks it's almost 3 to 1 over Seattle. At some of the places in the interior, there'd be almost astronomical costs—7 or 8 times.

WHY COSTS ARE HIGH—

Q Is it the transportation problem that makes it so expensive?

A Yes, that's the main problem. You see, we have practically no manufactured products in Alaska—some fabrication of concrete blocks, etc., but nothing else of any consequence. Therefore, almost all construction items have to be shipped from the continental United States. Also, a great part of the labor force has to be brought in. Since the construction season is very short, a large part of the labor force returns to the States during the winter, or remains idle in Alaska. If Alaska was industrialized, it would bring military costs down sharply.

All these high costs are necessary because we must keep our military posture strong there. Alaska is important militarily solely because of its geographical position. It lies astride the air routes from the strategic Chukotski Peninsula to the United States, which is important from a defensive standpoint because, in the air age, land masses near the north polar basin offer the best launching sites, as the distances to the highly industrialized areas of the world are nearer from the polar areas.

After all, the greatest part of the industrialized areas of the world lie north of the 40th parallel of latitude.

Q What does the weather mean to military operations up there? Is there a certain time of year when it is hopeless to conduct them?

A No, there isn't. Quite the contrary; for example, the Army can move with much more speed and flexibility in the winter since the terrain is frozen and hard. There's a lot of weather that is not advantageous as far as flight operations are concerned, but flying in Alaska in this age of electronic development and navigational aids is not much more difficult than it is in the United States.

Q Does the cold weather interfere with your logistics?

A Well, it isn't much more difficult once an airplane is airborne. Once in the air, flying is just as simple as it is at the Equator, almost. On the ground, that's different. We have cold-weather starting problems, which are considerable with the old reciprocating engine, but there is little problem with the jet engines. Our problems are getting less all the time so far as cold weather is concerned.

(Continued on page 94)

puts freeways on substantial footing

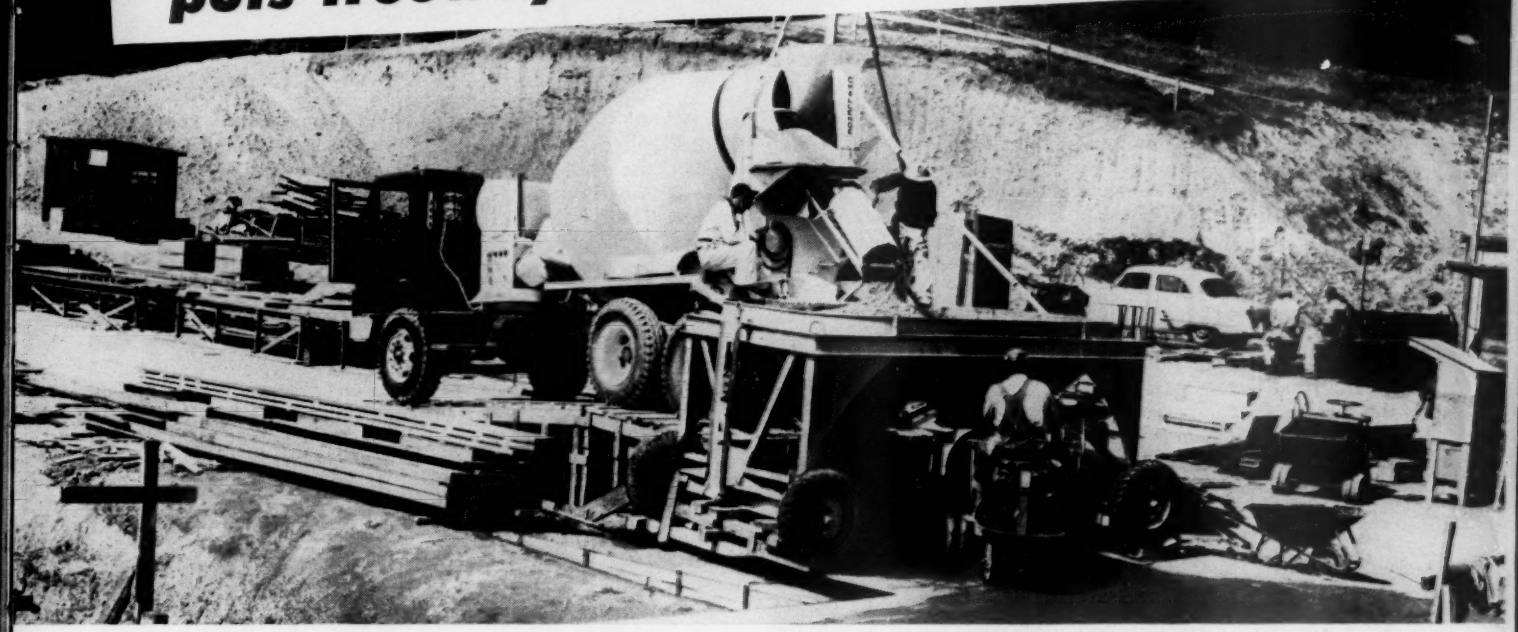

PHOTO COURTESY CHALLENGE MANUFACTURING COMPANY, LOS ANGELES, CALIFORNIA

Chrysler Compact Power and drive package ideal for sidemounting on transit mixer

Working hard to keep pace with its growing population, the State of California is underway with a substantial highway program. Great limited-access arteries are already carrying millions of vehicles past populous points and more "freeways" are in the making.

Here pictured in construction is an overpass on one section of the Southern California Freeway. A Challenge Transit Mix Pacemaker is pouring concrete into a collecting hopper. The hopper in turn will empty the mix into a power buggy which will carry it to the forms.

Probably neither the operator nor the contractor has given the ramp the truck is backed up onto a second thought —nor should they. Twelve-degree inclines are not unusual for modern-day transit mixers. Mixer manufacturers build and power their units to give maximum performance under every conceivable condition. That's why Challenge Manufacturing Company powers the bulk of its highly-regarded transit mixers with Chrysler Industrial Engines. Then too because of their light weight, compact construction, Chrysler Industrial Engines are "made to order" for Challenge sidemount construction. Engine, drive and transmission are on the side of the truck bed alongside the drum.

The 6½ cubic yard capacity mixer pictured uses the 230 cubic inch displacement Chrysler Ind. 30 Engine equipped with Chrysler gyrol Fluid Coupling. This "package" is a standard feature of Challenge Mixers. The result is a power-packed combination with built-in protection against the wear and tear of daily use and possible inexpert operation.

Important manufacturers of construction equipment have found it good business to offer their customers dependable equipment, dependably powered. For most of them that means Chrysler Industrial Power. They have found, as you will too, that Chrysler production-line methods adapted to specialized industrial engine building provide custom-built engines at mass-production prices.

See a Chrysler Industrial Engine Dealer or write:

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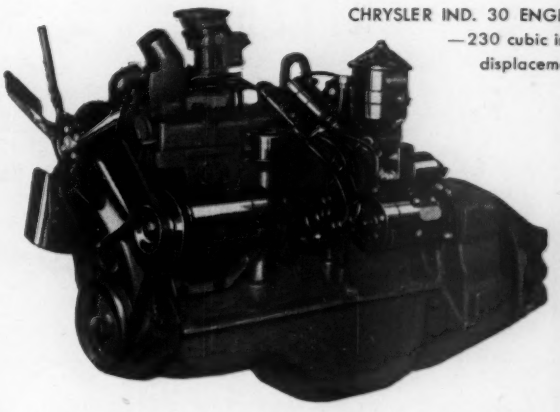
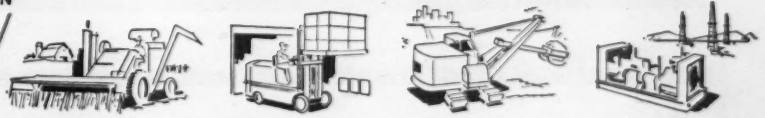


CHRYSLER IND. 30 ENGINE
—230 cubic inch displacement

CHRYSLER *Industrial Engines*

INDUSTRIAL ENGINE DIVISION • CHRYSLER CORPORATION

HORSEPOWER WITH A PEDIGREE



AGRICULTURE • INDUSTRY • CONSTRUCTION • OIL FIELDS

. . . Alaska is "just short of twice as big as Texas"

Q Does it get pretty cold in the winter?

A It has gotten as low as a minus 83 Fahrenheit—I think that was in '48.

Q Do you find men eager to go up into that climate?

A Yes. Alaska is becoming more popular all the time, strange as it may seem. But it isn't strange, actually. There's no reason why people shouldn't live in Alaska.

Q Can you operate when it's 83 below?

A No, and the enemy can't operate, either. You just hole up.

Q Do you have a morale problem?

A Not a big one. I don't think our morale problem is any greater than it is in the United States among people in the service. Of course, we have some isolated stations, which is probably what you are thinking about, like the radar sites. They are very isolated. Once a man gets out there, he is just able to do nothing but stay until we go and get him.

Q How often do you rotate them?

A Once a year.

Q What about your other personnel in Alaska—how often are they rotated?

A We just changed the policy recently, and the Army and Air Force have a rotation policy of three years. The Navy has a little different problem. They haven't adopted that policy yet.

Q Is there any uranium up there?

A Yes, I think there is some uranium. But there's also platinum. The biggest mine of that type that I know of is at Platinum, out on the Bering Sea, a place called Goodnews Bay, the western extremity of the mainland.

Q Are there many minerals there?

A There's a lot of minerals in Alaska, and I believe there are lots that have never been discovered there.

Q How many people are up there?

A The total civilian population of Alaska is 171,000.

Q Is there any evidence of the early Russian occupation of that area? Are there any signs or monuments of any kind indicating that they were there?

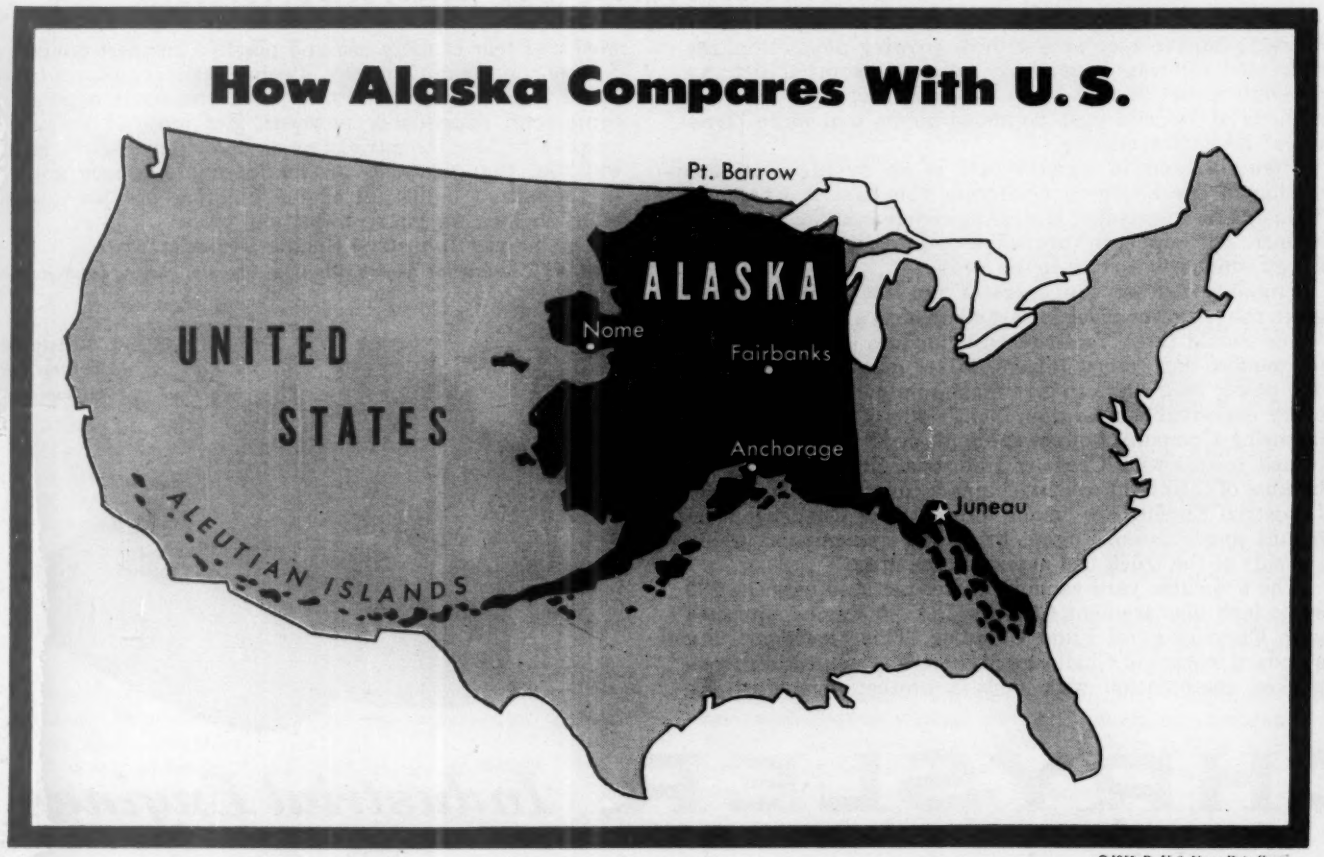
A Oh, yes. There are Russian Orthodox churches out on the Pribilof Islands and at Kodiak. They are typically Russian architecture—dome on top, you know. The church at Kodiak is quite an attraction for tourists.

Q Are there any Russians in the population?

A There are people of Russian extraction in the population, but pure Russians—I don't think so.

Q How big would you say Alaska is as compared with a state in the union?

A I come from Texas, and it's twice as big as Texas. It's just short of twice as big as Texas, for all practical purposes. If you superimpose Alaska over the United States, one part of it would touch on the Florida coast and the other part on the West Coast. Those Aleutian Islands extend as far as 1,000 miles from the mainland.



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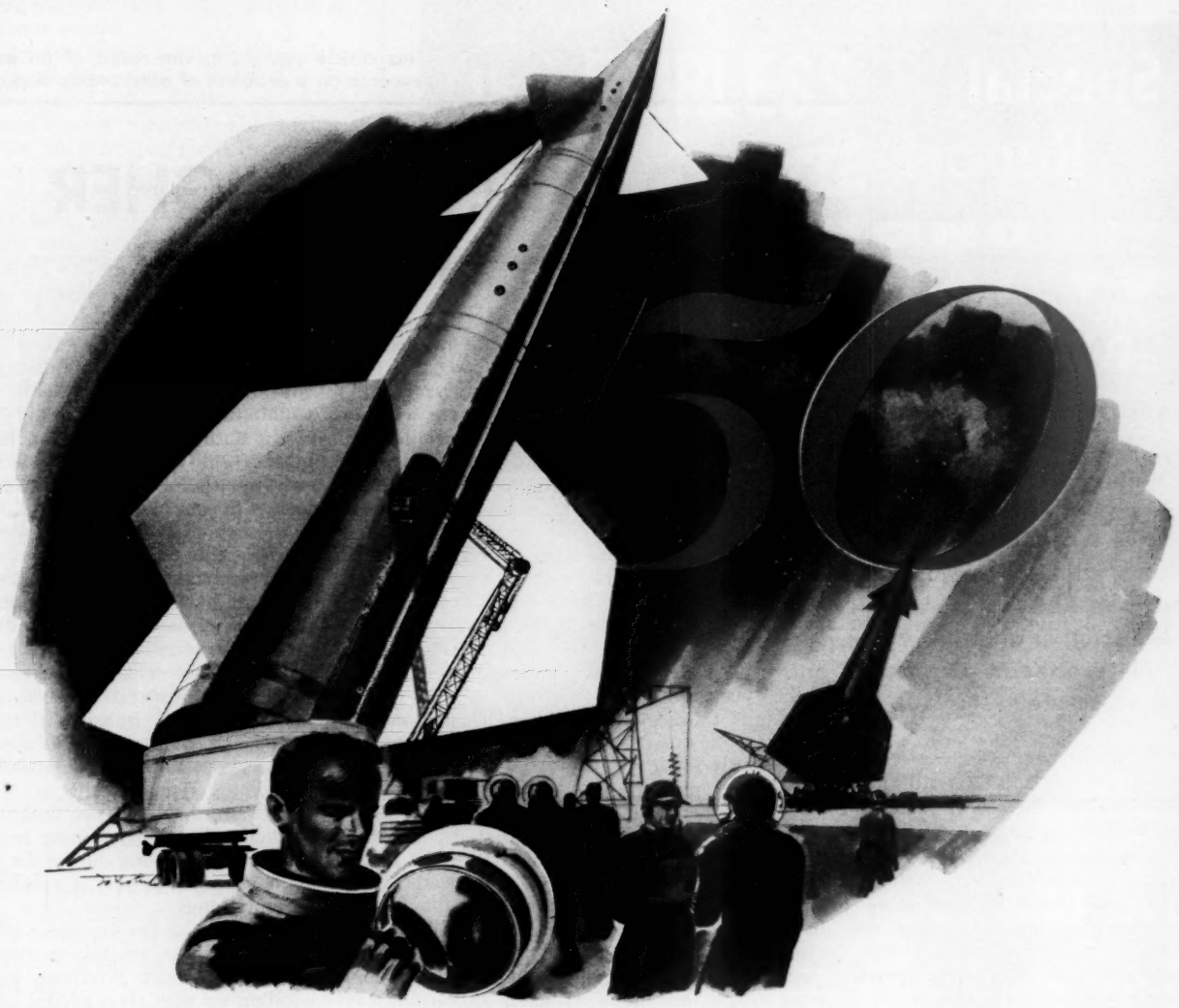

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To help achieve all this, Vanadium Corporation of America has taken many active measures designed to serve the Metals Industry better than we have ever served it before. We have built new plants — and plans are underway for additional facilities. VCA's new Research Center is hard at work. Our mining and milling operations have been modernized and expanded.

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Special Report

(This article represents the result of an extensive research on a problem of outstanding importance.)

WHO WILL GET HIGHER INCOMES NEXT YEAR

The American people will make more money, and spend more, in 1956 than ever before.

At the same time, they will be saving money, paying off debt.

A good many, even so, are to feel a pinch. In construction, autos, appliances, some workers may be laid off. Farmers are to take another drop in income.

New patterns of income and spending are to show up in 1956.

People's incomes, as a whole, are going to be higher again next year. This means they will have a record amount of money to spend or to save.

The chances are that people will both spend more and save more than in 1955. They will need to save more to pay on the very big debts that they have assumed this year to buy new houses and new cars. The larger spending will come out of an increase in incomes over and above the amount needed to pay off debt.

Wages and salaries, by and large, will go up. So will dividends. There will be more money for professional people, for business proprietors and for retired people. Of all the big groups, farmers alone will suffer a drop in income for the year as a whole.

When income is all added up, people in 1956 probably will get a record 311.4 billion dollars. This is a gain of 8.8 billion over the present year. It represents a level of incomes that would have been considered fantastic just a few years ago.

A downturn when? The year ahead, while one of higher incomes, is very probably to bring a change of pattern in the flow of income and in its spending.

There will be a strong rise in the level of total income during the early months of the year. The boom is likely to reach its peak in the weeks just ahead. After that, patterns may be mixed.

If Government policies aimed at cutting down on the rate of increase in credit use succeed, then automobile workers may face some reduction of earnings as the year wears on. The same could be true of workers in the building industry. Any shrinkage in these fields, in turn, would affect other industries.

It is entirely possible, as a result, that incomes will tend to level out after the early months of the year and may even decline in some lines.

Another factor, however, enters the picture. This is the matter of taxes. A cut in personal taxes is being taken almost for granted, despite some opposition within the Eisenhower Administration. Any cut that is voted probably will come by midyear. This will mean more money for people to spend—and, in all probability, most of it will be spent, not saved. The effect will be to cushion any downturn in business that develops in the coming year.

The trend. When you look closely at what has been happening to incomes, spending and saving during the past year or more, you discover a number of important things.

Total income has been in a strong rise. Taxes this year are taking away nearly 34 billion dollars. Even so, people are winding up with close to 269 billion dol-

AHEAD FOR 1956: Record Incomes, Record Spending

	1955 (est.)	1956 (est.)
People's incomes	$ 302.6 billion	$ 311.4 billion
People's taxes	$ 33.7 billion	$ 34.7 billion
People's incomes, after taxes	$268.9 billion	$276.7 billion
People's savings	$ 15.8 billion	$ 17.9 billion
People's spending out of income	$253.1 billion	$258.8 billion

Source: Estimates by USN&WR Economic Unit

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lars to spend and save. That is far and away a new record.

But the trend has been to save less, spend more. You find a decided shift from the years 1951, 1952 and 1953, when people saved a considerably higher proportion of their incomes. It is clear now that, in 1955, people are saving a smaller share of after-tax income than in any year since 1950.

All this reflects a boomtime mood to spend freely and to go into debt for automobiles, houses, appliances and other high-priced goods. This mood has been promoted by easy credit.

Now, however, borrowing is being made more difficult. The trend toward bigger and bigger debt is almost sure to be slowed in months ahead, and it may be reversed. This means that people will save more money and spend a smaller proportion of current income.

That change in spending habits is to have an impact on business—at least on those lines which depend heavily on credit buying.

Over all, however, with incomes higher, the public will spend more dollars next year than in the year about to end.

You get the outlook in the chart on page 96. After paying their taxes, families and individuals will have about 8 billion dollars more to spend or save in 1956 than in this year. Of that, nearly 6 billon is likely to go into extra spending and a little more than 2 billion into extra savings.

All these figures assume no tax cuts. If Congress votes a tax reduction in midyear, as now expected, there could be a marked rise in spending during the latter months of 1956.

Who benefits? The great majority of U. S. families will feel more prosperous in 1956 than ever before. However, there will be some important exceptions to this general rule.

Salaries will be in a rising trend. Wage rates will go up in most big industries, as they have in 1955. Even so, some workers will take a decline in weekly earnings as the year goes on, because they will work fewer hours. By the end of the year, people working for wages and salaries may be drawing a little less, in the aggregate, than they are drawing right now.

Even so, on the basis of the full year 1956, wages and salaries are likely to total roughly 6 billion dollars more than in the present year. That is about two thirds of the aggregate rise that is expected in all forms of personal income next year.

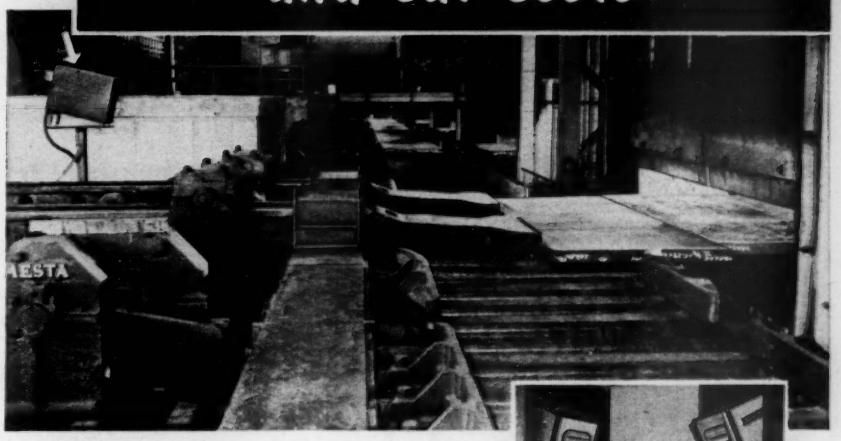
For the average factory worker, pay probably will go up 7 cents an hour in the coming year, to $1.95. A bit of this pay raise is likely to be offset by a shaving of the average workweek.

In automobile plants and parts factories, some layoffs are probable during the

(Continued on page 98)

USS

FAIRLESS WORKS uses DIAMOND INDUSTRIAL TV to Improve Operation and Cut Costs



Arrow points to Diamond ITV camera (in protective housing) used to watch slab positioning.

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Operator at pulpit SEES on the Diamond ITV screens when slabs are in correct position for charging two end furnaces.

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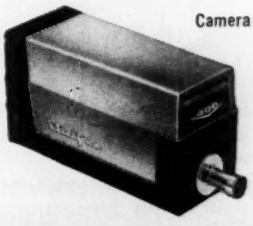

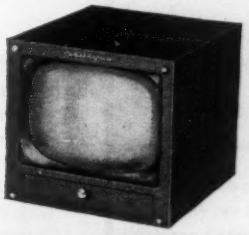

Monitor

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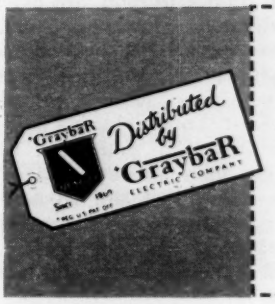

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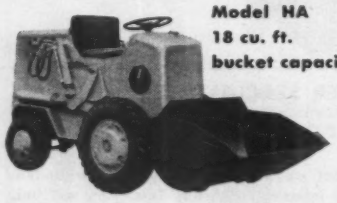

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. . . Mild adjustments for some, best year for most

year. The same thing could happen in construction and in appliance factories.

Jobs are to be more stable in other lines. People who work for industries supplying the day-to-day needs of consumers will prosper in the year ahead. There will be steady work, and more pay, for millions of employes of retail and wholesale stores, railroads, airlines, State and local governments, banks and a variety of other employers.

Farmers' incomes have been declining steadily since 1951, and another sizable drop is expected next year. In four years, the net annual income of farmers has gone down from 16 billion dollars to 10.7 billion. The end of this decline is not yet in sight.

Storekeepers and other proprietors of unincorporated businesses will enjoy a record business volume and the highest incomes ever.

People on retirement and relief will draw an estimated 18.1 billion dollars next year. This, again, is a new high, and an important cushion against a business setback. These payments are very largely from public agencies—things such as old-age pensions, Government employes' retirement, military pensions, unemployment pay, direct relief—and the total tends to rise in times of business recession.

Nearly Everybody Will Get More Income in 1956

	1955 BILLIONS	1956 (est.)
Workers		
Wages and salary receipts	$203.1	$208.9
Incomes of farmers	10.7	9.9
Earnings of other self-employed	27.4	28.5
Other labor income*	7.0	7.4
Investors		
Dividends	$10.9	$11.4
Interest	15.6	16.6
Rental income	10.7	10.8
Retired people, persons on relief	$17.2	$18.1

*Mostly employers' contributions to pension funds.

Source: Estimates by Economic Unit of USN&WR

Outlook for investors. Other groups are to share in the general prosperity of the coming year.

Stockholders are to draw more money in dividends than in any preceding year. Corporation profits, in total, are likely to go off moderately. However, a smaller share of those profits will be retained in the business, leaving more for dividends.

People who lend money will draw more in interest. Total debt will increase, and interest rates are going up. Landlords will get more money, though the rise will be only about half what it has been this year. Rents are not rising as rapidly as they were a while back.

All in all, investment income will hit a new high.

Where money will go. This new measure of incomes, saving and spending has important meaning to all kinds of businesses.

Business, in general, will be good in 1956. However, the edge will come off the boom in a few lines.

Sales of autos and parts probably will decline about 8.4 per cent. Furniture, household equipment and other "durable" goods are likely to drop 3 per cent.

Spending for clothing, food and other "soft" goods is expected to rise 3 per cent, though it probably will level out before the year is over. Outlays for travel, recreation and various "services" will keep rising.

What's ahead, in short, is a year of mild adjustment in a few lines but, for most people, the most prosperous year yet.

Photograph by Mechling

"DEAR SANTA..."

Here goes another letter to Santa Claus, written with hope, sealed with confidence, and stamped with the limitless faith that makes Christmas the greatest day of the year!

How right youngsters are! They *know* there is a Santa Claus. How else could so many Christmas wishes be granted? And as adults, how right we are to reflect their hope and faith and confidence in the future. For today, many of mankind's oldest Christmas "wishes" are being granted through the work of modern science—wishes for better health, better food, clothing and shelter for our families, better and more abundant living for young and old everywhere.

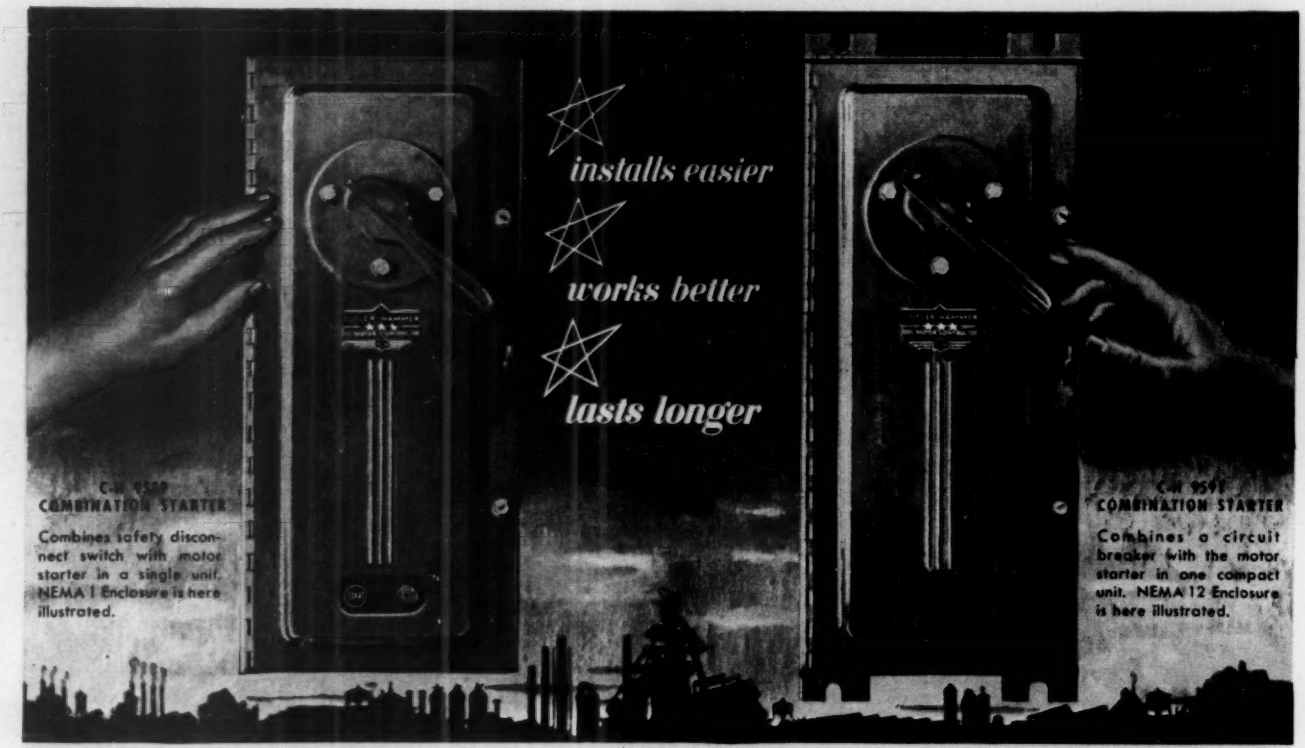
American Cyanamid Company is privileged to take part, through research and chemical production, in scientific advances that help to make each succeeding Christmas happier, healthier and more abundant for mankind.

AMERICAN Cyanamid COMPANY

30 ROCKEFELLER PLAZA, NEW YORK 20, N. Y.

WHAT'S NEW IN MOTOR CONTROL? ★ ★ ★ GET IT FIRST IN CUTLER-HAMMER

New Cutler-Hammer Three-Star Combination Starters offer industry important new economies


installs easier
works better
lasts longer
C-H 9589
COMBINATION STARTER
Combines safety disconnect switch with motor starter in a single unit. NEMA 1 Enclosure is here illustrated.
C-H 9591
COMBINATION STARTER
Combines a circuit breaker with the motor starter in one compact unit. NEMA 12 Enclosure is here illustrated.

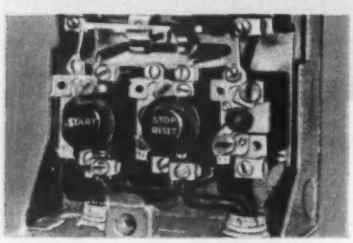
Convenience and economy are basic advantages of combination starters. Users everywhere say the new Cutler-Hammer ★ ★ ★ Combination Starters bring these basic advantages to new high levels of importance. Contact life is so amazingly improved that maintenance care is *never* needed in all normal uses. Adjustable load sensing coils permit motors to work at top capacity without hazard to provide maximum production without needless work interruptions. And the widely praised Cutler-Hammer exclusive, full three-phase overload protection in standard combination starters, is optional at slight additional cost.

The three silver stars stand for three new standards

CUTLER-HAMMER
★ ★ ★
MOTOR CONTROL
C-H

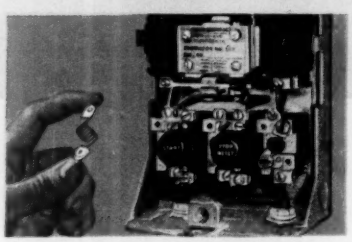
Compare the performance and economies of these remarkable new Cutler-Hammer Three-Star Combination Starters with any you have ever known. Cutler-Hammer Bulletin 9589 Combination Starters incorporate rugged disconnect switches of advanced design (fused or unfused). Cutler-Hammer Bulletin 9591 Combination Starters are equipped with circuit breakers. Your nearby Cutler-Hammer Authorized Distributor is stocked and ready to serve you. Order from him today.

CUTLER-HAMMER, Inc., 1462 St. Paul Avenue, Milwaukee 1, Wisconsin.



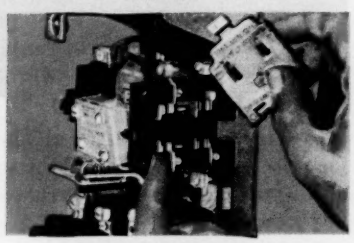
Full Three-Phase Protection

Only *three* overload relays can give complete three-phase protection to avoid motor burn-outs and their costly interruptions to production. And *only* Cutler-Hammer offers this complete three-phase protection in standard combination starters. You pay only for the third relay, nothing extra for special engineering or special enclosures.



Adjustable Load Sensing Coils

The accurate adjustment of overload protection permits motors to work harder without damage to motor windings. This is more important than ever with the newer type small frame motors. Adjustable load sensing coils in these new starters provide 3% loading accuracy instead of the 10% to 12% accuracy in competitive control.



Superlife Vertical Contacts

Experienced control users insist on dust-safe vertical contacts. And now the famous Cutler-Hammer vertical contacts have been doubly improved. First, their new lightweight design cuts bounce to reduce arcing. Second, any arcing that might occur is now pressure-quenched. Compare performance and see the difference.

LIFE AROUND THE WORLD®

memo

FROM A WORLD TRAVELER

"LET ME TELL YOU—"

ABOVE THE NORTH ATLANTIC—The woman in the next seat said, "You always meet such interesting people on these trips."

Not a very original remark, certainly. But somebody always says something like that. Here are a few of the people you meet, and the things they talk about, while the big plane drones through the night, high above the Atlantic.

Cautious French. The little Frenchman was bubbling with enthusiasm over something he had seen in Dalton, Ga., on an earlier trip to the United States. He's in the jute business, and what he saw was some sort of machine that he says can speed up rugmaking and bring down prices. The base of these rugs, whether cotton or nylon tufts, is a mat of jute. So, the faster rugs are made, he says, the faster he'll sell his jute.

But he wasn't very hopeful that his countrymen would adopt the machine.

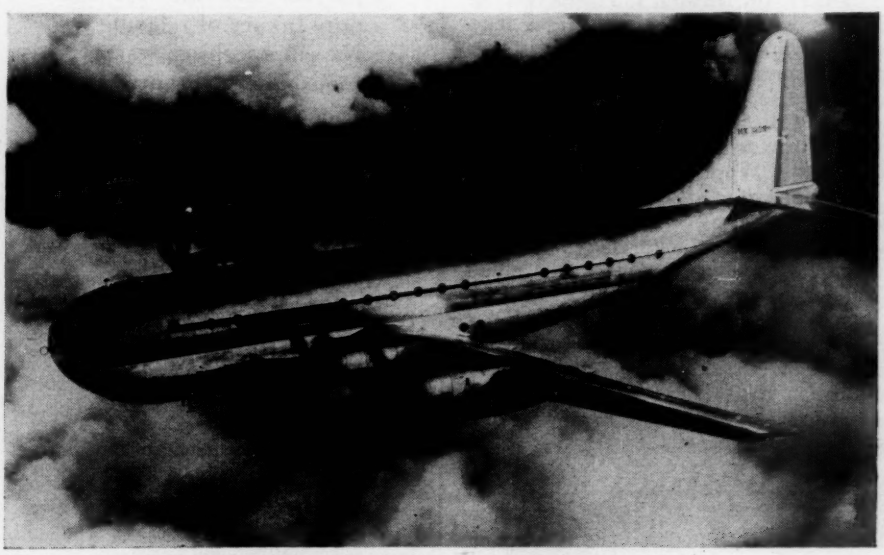
"We in France are too cautious," he said. "We are too suspicious and slow to desert the old ways; too happy to keep prices up instead of cutting them down to increase volume. We are slitting our own throats, keeping French industry and production in the same old groove.

"Maybe if the machine doesn't go over in France we jute dealers can get the Germans to use it, and we can sell them the jute. They are quick to see such things. A pity."

Efficient Germans. "Let me tell you this," said an American, an executive of a U. S. drug company. "My company spends 2.5 million dollars on research in the U. S. and only a fourth that much on research in Germany. But we get many more new products from Germany than from our U. S. research.

"Germans can whip a problem, develop a new process or come up with a new

(Continued on page 102)



ON THE LONG FLIGHT OVER THE OCEAN . . .
. . . "You always meet such interesting people"

These noble Scotches find favour with gentlefolk

It is AGE that imparts True Quality to 20-year-old Martin's Fine & Rare, and 12-year-old Martin's De Luxe. We suggest you give them your Patronage, in the conviction that you shall be well and truly SATISFIED. Offered for sale at fine spirit shops, hostelries, clubs, etc.

—Respectfully,
McKesson & Robbins, Inc.
New York, N.Y., importers thereof

Blended Scotch Whiskies

20 years old
86.8 proof

12 years old
86.8 proof

NEW
H·factor
Group Insurance

HELPS MANAGEMENT SPEED EMPLOYEES' RETURN TO WORK

Payroll and production losses due to prolonged absence can be reduced through the use of H factor material.

As an example: An H factor piece available to management offers a simple means of:

Expressing your company interest in the absent employee

Reducing the length of individual's absence

This is just one of the complete series of packaged, ready-to-use H factor materials.

Let our group specialists point out the other direct and indirect economies your company can effect in an H factor health and accident, life, or combined coverage group insurance program. There is no charge for a survey and proposal based on your individual company needs. A letter from you, your broker, or agent, will bring prompt attention.

Mutual OF OMAHA

United OF OMAHA

MUTUAL BENEFIT HEALTH & ACCIDENT ASSN.
UNITED BENEFIT LIFE INSURANCE CO.
HOME OFFICES: OMAHA, NEBRASKA
Service Offices Throughout the United States

memo

. . . An American sizes up Europe's troubles: "Tired"

product in half the time it takes in the U. S. When we want a job done in a hurry in the U. S. we send it to Germany!"

Oil for Yemen. The American's seat mate was a German who works in the Middle East for an American oil company. He tried to change the subject.

"Any of you people ever been to Yemen?" he asked. "Great country. I just came back. We signed a contract to deliver all the gas and oil the country needs. They may have oil of their own, but nobody has found it yet. In the meantime, we'll sell them oil and gas in tins.

"They don't need much. Few automobiles. No streets for driving. Not many roads. Just jeeps."

Back to Europe. But nobody wanted to talk about Yemen. A businesswoman from Canada quickly turned the conversation to Europe again.

"I run a firm employing several hundred people in Canada and I do fine there," she began. "But when I go over to Europe to buy some equipment we need, I can't get the businessmen to take me seriously. It got so I had to produce a copy of my Dun & Bradstreet rating before they'd quit having their empty-headed wives call on me and try to take me out to theaters and parties and things.

"I had to tell one fellow, 'Listen! I want to buy $30,000 worth of your duplicating machines, not a husband!'"

"Short on ideas." Production in Europe "is still a problem," said a man who had joined the group while the Canadian businesswoman was talking. He turned out to be a buyer for a mail-order house in Chicago. He has been making a business trip to Europe every year since shortly after World War II.

"People with ideas over there say Europe is no place for them. People are too tired, or something. They won't risk capital, can't whip up the energy to fill contracts on time.

"Germans have the production, but they lack ideas for new items. Italians have the ideas all right, but they can't produce in quantity. The Frenchmen used to have lots of ideas, but there's nothing new in France now."

Canadian stairways. One of his listeners was a Dane, a partner in a firm that makes Danish silverware and sells it all over the world. He was on his way to

(Continued on page 103)

THE BRITISH COLONIAL·NASSAU·BAHAMAS
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NASSAU'S
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Every year—and year after year—distinguished world travelers gather at the BRITISH COLONIAL . . . diplomats, the socially prominent, members of the professions, honeymooners, sportsmen. They come for rest—for fun—for the pure luxury of relaxing in Nassau sunshine, warmed too, by the beauty and friendliness that make the BRITISH COLONIAL memorable among fine hotels.

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. . . Irishman advises: "Buy whisky"—he sells it

Toronto to look over a building the firm had just purchased.

When the American buyer finished talking, the Dane turned to the Canadian businesswoman.

"Why do you have so many fires in the U. S. and Canada?" he asked.

She seemed startled by the sudden switch in the conversation.

"Fires?"

The Dane explained that he is required by law to have front and back stairways for the Toronto building. "That's not necessary in Copenhagen nor anywhere else in Europe. You must have lots of fires to have such a rule."

"Not so many," said an American passenger. "We just take precautions, I guess. As for fires, didn't Copenhagen burn to the ground a couple of times?"

"Well, yes," the Dane agreed. "The first time it was Lord Nelson's fault." He couldn't recall who was responsible for the second fire.

Irish whisky. Out over the Irish Sea, the lights of a city suddenly appeared off the wing tip as the big plane banked and headed down. A man in a corner who had sat silently throughout the trip started gathering his things together.

"Those are the lights of Limerick down there," he told nobody in particular. "Closest town to the free port of Shannon, where we'll be landing soon.

"Liquor is what you buy in Shannon. Never mind the lace nonsense or the woolens and such. Liquor. Irish whisky, brandies from France and so on. Remember, everybody can have five bottles. It's your last chance, now."

He waved and walked toward the plane door. Somebody asked a crew member who the man was, and passed on the information: "Liquor importer from Limerick. Has a shop in Shannon and does very well. Irishman. Hates the British."

Too much security? A flight such as this is always loaded with people with unusual jobs. Take the case of the American physicist who was on board.

He works for the Government and his job is to convince U. S. employes in Europe that they don't have to worry about giving away U. S. atomic secrets—for the simple reason that they don't know any.

Why a job like that?

He said some American diplomats have become so security conscious that they present the U. S. Government with something of a problem. They've gotten to the point where they almost walk out of the room when a European starts talking

(Continued on page 104)

INDUSTRIAL

MODEL	CYL.	BORE & STROKE	DISPLACEMENT	HP @ GOV. SPEED	MAX. TORQUE @ RPM
ZD129	4	3¼ x 3⅝	129	34.0 @ 2000	87.5 @ 1200
GD157	4	3⅜ x 4⅛	157	39.0 @ 2000	113.3 @ 1200
ED201	4	3⅜ x 4½	201	45.8 @ 2000	145.0 @ 1100
HD243	4	3¾ x 3½	243	54.7 @ 2000	178.0 @ 1200
HD260	4	3⅛ x 3½	260	59.3 @ 2000	188.0 @ 1100
HD277	4	4 x 3½	277	63.0 @ 2000	201.0 @ 1100
JD382	4	4½ x 6	382	72.5 @ 1600	276.0 @ 1000
TD427	6	4⅛ x 4⅛	427	106.5 @ 2000	310.0 @ 1200
RD572	6	4¾ x 5¾	572	154.0 @ 2000	428.0 @ 1300
VD603	8	4¾ x 4¼	603	175.0 @ 2600	468.0 @ 1200
SD802	6	5⅛ x 5½	802	202.0 @ 1800	620.0 @ 1200

TRANSPORTATION

MODEL	CYL.	BORE & STROKE	DISPLACEMENT	HP @ GOV. SPEED	MAX. TORQUE @ RPM
TD6427	6	4⅛ x 4⅛	427	116.0 @ 2400	307.0 @ 1200
RD6572	6	4¾ x 5¾	572	172.0 @ 2400	428.0 @ 1300
VD8603	8	4¾ x 4¼	603	182.0 @ 2800	466.0 @ 1200
SD6802	6	5⅛ x 5½	802	225.0 @ 2200	620.0 @ 1200

Red Seal Cushioned Power* Diesels are getting the call for more and more of the really tough jobs, not only in transportation, but in industry, in construction, and on the farm. Why? Because Cushioned Power Diesels provide ALL the advantages of the Diesel principle, with none of the drawbacks common to Diesels of conventional design. You'll be far ahead, all the way, standardizing on equipment built around dependable Red Seal Cushioned Power—or using it to replace heavier Diesels of conventional design.

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ONLY CONTINENTAL CUSHIONED POWER* DIESELS GIVE YOU ALL THESE SUPERIORITIES

HIGH ECONOMY—due to higher combustion efficiency • MORE USEFUL POWER—pressure on pistons applied at most effective crank angle • REDUCED PRESSURE PEAKS—for smoother, quieter running, and long life of parts • SELF-CLEANING NOZZLES—automatically cleaned with each injection; assure smoother running • LOW UPKEEP COSTS—reduced pressures permit use of lower cost high production parts • EASY STARTS ON DIESEL FUEL—no auxiliary power needed.

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memo

. . . "Formosa teems with talent," American found

about atomic energy. The result is that they fail to hear and report a lot of information Washington would like to have.

Fertilizer know-how. At dinner, an American businessman got to talking about a trip that had taken him all around the world. His firm manufactures machinery used in fertilizer plants—and it seems that nearly every country that has received U. S. aid wants to use part of the money to build a fertilizer plant.

The trouble is in finding local people competent to run a plant, once it is built.

"Most of the countries in Southeast Asia lack the know-how to keep a plant going," he said. "Did you know that in the whole of Indonesia there were only 27 chemists left after the Dutch moved out? That's just an example.

"You know, that may be the future for Formosa—providing technicians for other countries. The island is teeming with talent—with trained engineers and so on. Why not put them to work in the underdeveloped areas of Southeast Asia? Chiang Kai-shek can't use them right now, and South Asia sure could."

After Chiang? That turned the conversation to Chiang Kai-shek, the war around Formosa and the future of the Chinese Nationalists.

"A lot of Chinese businessmen on Formosa don't like Chiang," another businessman said, "but they're scared to death of what will happen when he goes. They say there will be one awful fight among the Nationalist generals who want to take over after him.

"I don't know how right they are, but one rich businessman on Formosa told me, 'If anything ever happens to Chiang Kai-shek I'm going to Hong Kong—even if I have to swim there.'"

Prince's secretary. It was getting late. Passengers were beginning to turn in for the night. But not the male secretary to an Arabian prince. He took over in the lounge after his boss went to bed. He was belligerently indignant about America and Americans, and he made quite a thing of it.

"If we in the Middle East are uneducated, it is the fault of the United States," he said. "You have us spending 60 per cent of all our income from oil on arms. The next war is going to start in the Middle East. It is going to start because of the stupid, pro-Israel policy of the U. S."

He kept it up until 4 a.m.

What makes a company good to work for?

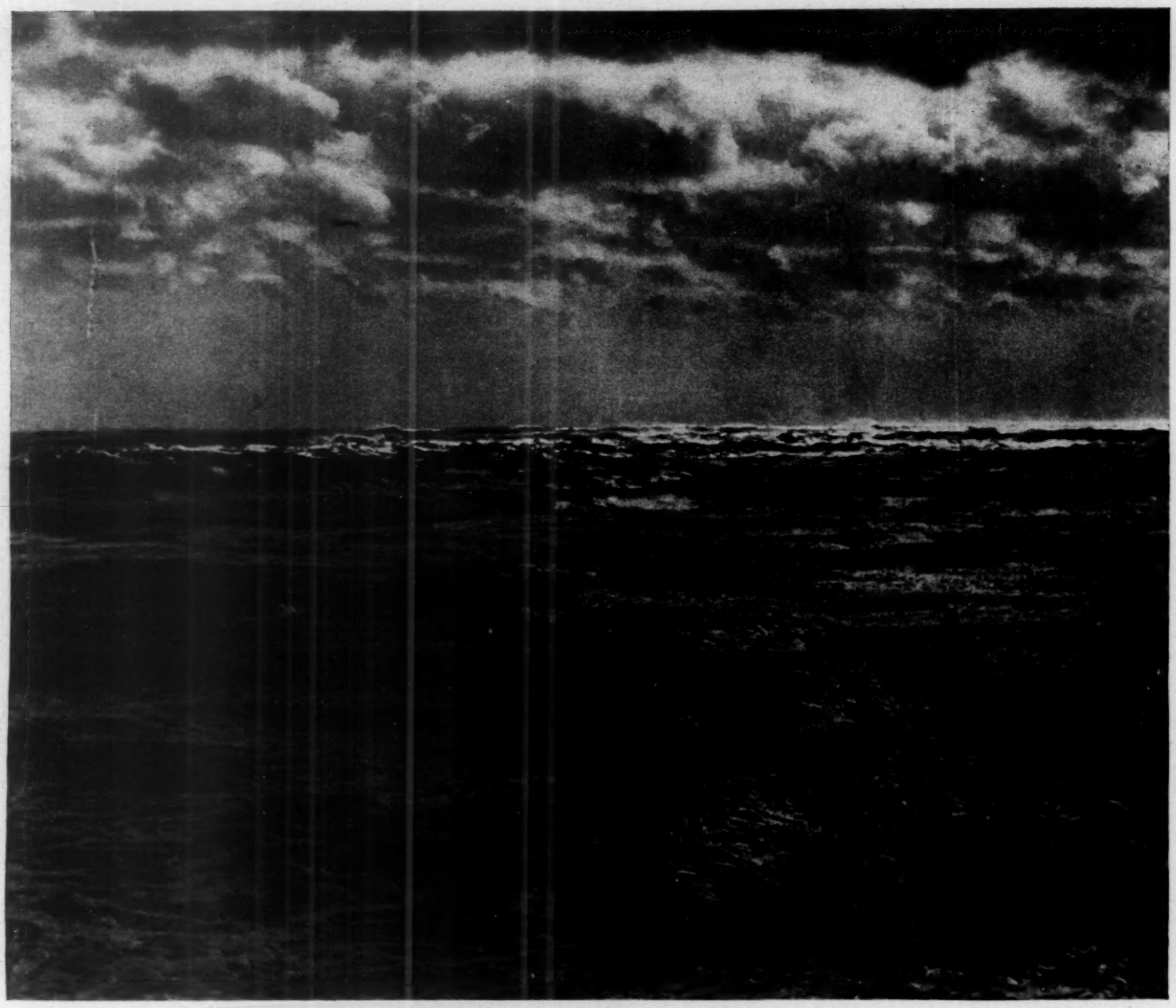
There are many things that contribute to employee morale—and, high on the list, are clean, modern washrooms.

People naturally want facilities that are well-lighted, well-kept, well-supplied. And the kind of towels provided are important too. Nobody likes a rough, inferior paper towel—and rightly so.

Scott is the brand most people buy for their own homes. And the ScotTissue Towel is the towel they like on the job. It's soft, absorbent—quick to dry both hands completely—and it's economical too.

Let your local Scott representative give you the details. Scott also has a "Planned Poster Program" which helps to promote washroom cleanliness and cut towel consumption. It's yours without obligation. Write Scott Washroom Advisory Service®, Scott Paper Company, Dept. US-14, Chester, Pa.

It's good business to use **SCOTTISSUE® TOWELS**



Voices under the sea

Late last summer *HMTS Monarch,* British cable ship, completed the ticklish job of laying the first of twin telephone cables across the Atlantic, from Clarenville in Newfoundland to Oban on the west coast of Scotland.

Next summer, when seas are calm again, the *Monarch* will make a return journey, laying the second of the twin cables to establish a transatlantic telephone system.

The new telephone cables are a joint venture of American Telephone and Telegraph Company, the British Post Office (which provides telephone service in Britain), and the Canadian Overseas Telecommunication Corporation. They will be ready for transatlantic calls by late 1956, carrying up to 36 conversations at the same time.

Thanks to the many advances in telephone science your voice will travel to Europe over the new cables as clearly as though you were talking to a neighbor down the street.

To survive strains of laying, attacks by marine borers, and years of abrasion on the ocean floor, undersea cable must be rugged indeed. Major strength element of the new cables is a spiral wrapping of 24 stout steel wires. In forming this steel armor Simplex Wire and Cable Company, cable manufacturers, used a quantity of bethanized electrolytically zinc-coated wire.

Bethlehem developed bethanized wire to combine the full strength of steel with a rust-protective coating of pure zinc. Armoring underwater cables is a familiar assignment for bethanized wire. Engineers have long used it to strengthen and protect underwater power and communications lines. Bethanized wire has been as successful in these applications as in hundreds of everyday jobs, such as fencing, bicycle spokes, kitchen gadgets, and an array of mechanical products.

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BETHLEHEM STEEL

Trend of American Business®

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Washington, D.C.

Industry is surpassing its earlier plans for investment, giving new evidence that the boom in business expansion still has some way to go.

Latest Government survey of business spending for plant, equipment shows:

Companies expect to be spending 31.6 billion dollars a year as 1956 begins.

Spending rate is rising rapidly, could go higher in 1956 before turning down. Previous record was 28.3 billions in 1953.

Spending now, in the last three months of 1955, is at a 30.9-billion annual rate, 1.1 billion more than industry anticipated this past summer.

Comparisons of first quarter, 1955, with the official forecast for first quarter, 1956, show which industries lead the investment parade. Big increases--

Metal, 72 per cent gain, including new mills for steel, aluminum.

Transport equipment, 79 per cent gain, including new auto plants.

Stone, clay, glass, 65 per cent gain. Plate glass now is being imported.

Electrical machinery, 34 per cent gain. Other machinery, 46 per cent.

Paper products, 45 per cent gain. More newsprint plants are going up.

Petroleum, 42 per cent gain. New processes outmode old plants quickly.

Chemical products, 27 per cent gain, involving new drugs and plastics.

Railroads, 99 per cent gain. Fast tax write-off on freight cars helps.

That type of investment is regarded by economists as most stimulating. New steel mills, glass works, newsprint plants eventually will help ease current shortages. But first they take steel, glass, other materials to build, thus tending to prolong the shortages in industry today.

Demand is supported strongly in other ways, too.

Personal incomes continue to grow, reaching the highest level on record, 309.6 billions a year, according to the Government's new figure for October.

Bulk of the gain is in wages and salaries. Dividends are being raised, but corporations are holding back, for expansion and reserves, the largest part of the gain in profits being realized in 1955.

Employment in nonagricultural establishments, according to the Bureau of Labor Statistics, is the highest ever. Employers complain of difficulty in hiring skilled men. Overtime is being worked in factories more than at any time since 1952 and, of course, results in extra pay at time-and-a-half rates.

Consumers, with pockets well lined, spend freely. Department stores continue to show sales gains over 1954, year of the previous record for Christmas season.

Housing demand remains strong, according to the latest Census Bureau survey.

Vacancies did not increase this past summer. Apparently, tighter credit did not cause large numbers of houses to stand idle long for lack of financing.

Landlords, while finding it harder to get tenants, seem to be doing quite

(over)

well. Only a small minority of apartment owners are defaulting on mortgages.

Evidence of strong demand means building can be accelerated, whenever credit is made easy again, housing officials in Government believe.

While the boom remains strong, it now is running into obstacles that can, within a matter of months, bring it to a pause.

Industry now is producing more than the public is buying. This is true despite shortages of some raw materials. Evidence shows up in mounting inventories, goods moving onto store shelves, into dealer showrooms and factory stockpiles.

Buildup of inventories has been gradual, but now is gaining speed.

A new Government report for October shows an increase of 700 millions' worth in that month, an increase of 3.8 billions from a year ago, after allowing for the usual fluctuations due to seasonal influences.

The October increase took place while auto stocks were being held down due to model change-over. Since then, the number of new cars in dealers' hands has increased by much more than the usual amount for this time of year.

Manufacturers reported the largest increase in stocks. Extra materials are needed to meet high production schedules. However, some materials probably are being set aside for protection against shortages. That represents only a temporary demand. When it disappears, business may shrink a little.

Rate at which manufacturers are getting new business raises a question whether output will justify the accumulation of materials.

New orders received by manufacturers in October are valued by the Commerce Department at 27.4 billions, after seasonal adjustment.

Decrease from September was 900 millions. What is more important, the flow of new orders has not had a sustained rise since last spring.

Leveling off in new business shows up in both durable and nondurable lines. But there are exceptions. Orders for machine tools and freight cars have taken a big jump recently, according to industry reports.

No drop in production is imminent, as a result of leveling off of new business.

Factories still are getting orders faster than they can fill them. Backlog of unfilled orders now exceeds 53 billions' worth.

That leaves room for output to increase somewhat. But, unless there is also an increase in new orders coming in, a peak in production is in the offing.

The construction industry no longer is posting successive gains.

Construction in November is estimated by Government at an annual rate of 41.6 billions, down from a rate of 42.9 billions this past May.

After allowing for seasonal factors, the new business going to contractors in November was larger than in October but still not up to the level reached early in 1955. Nevertheless, the Government is predicting that a new record in construction will be set in the coming year. Public and industrial building are counted on for big increases.

Pressure for a general increase in steel prices is mounting. The steel industry is now paying more than ever before for scrap metal. Producers say profits must be kept high to finance future expansion.

WISE MEN STILL SEEK HIM

★ ★ ★ Moses sought Him on a mountain; St. Augustine in his books; Washington at Valley Forge; Albert Schweitzer in the heat of the African jungle; President Eisenhower in his own heart and the hearts of his people; Konrad Adenauer in the Cathedral of Cologne. ★ And one cold night long ago the Wise Men found Him . . . and Angels singing, "*Glory to God in the highest, and on earth peace to men of good will.*"

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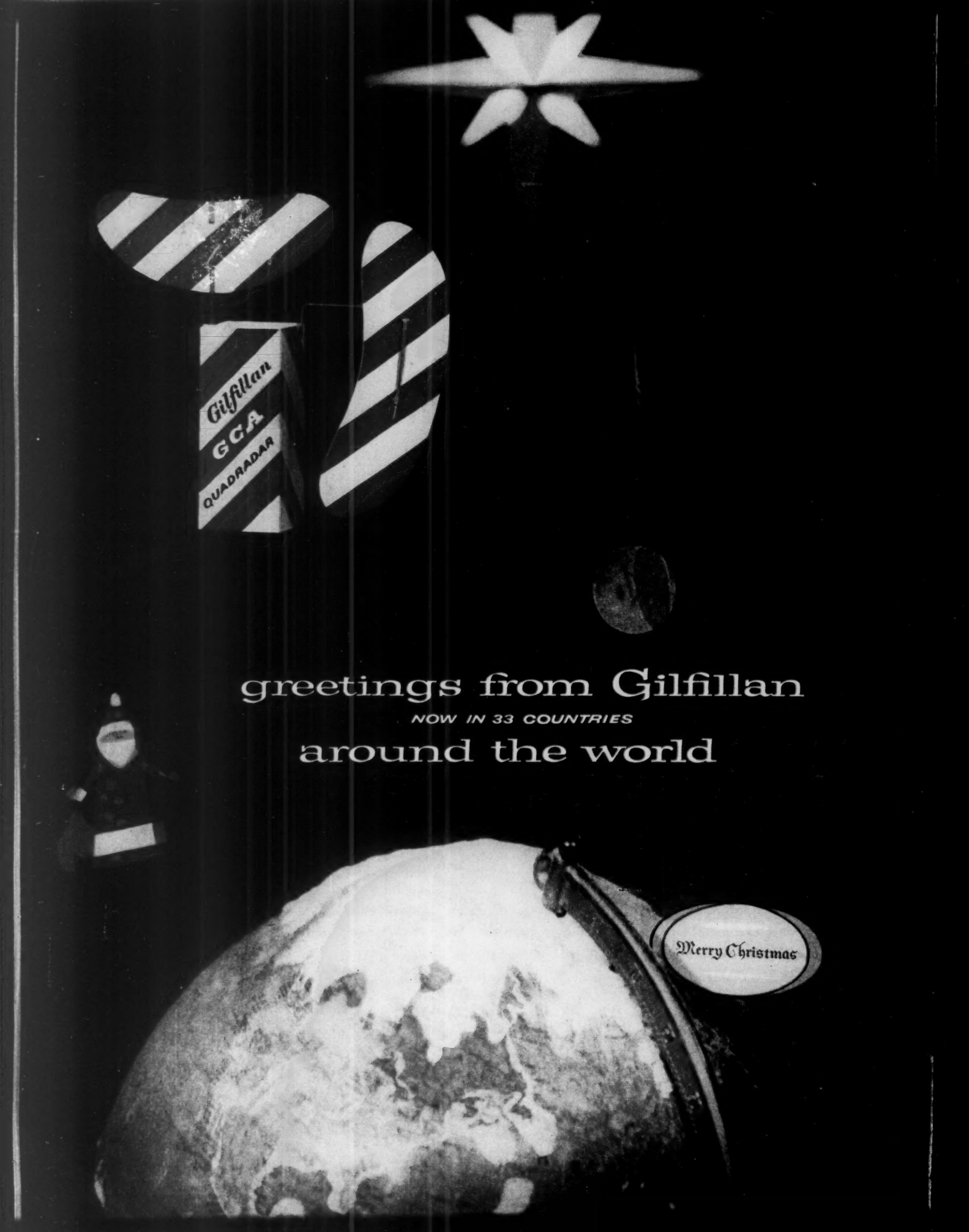
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NOW IN 33 COUNTRIES
around the world
Merry Christmas

Secretary Dulles Gives

RULES TO KEEP WORLD AT PEACE

To meet the new Communist line, here is what Secretary of State John Foster Dulles proposes that the U. S. do:

Maintain a "political warning system" of defensive pacts around Russia's empire;

Keep this system armed, ready to retaliate with massive, mobile power;

Press for German unity as simple justice;

Provide aid in cash, goods and know-how, public and private, for undeveloped areas.

Following is full text of an address by Secretary of State John Foster Dulles to the Illinois Manufacturers Association in Chicago on Dec. 8, 1955:

We are, it seems, in a new phase of the struggle between international Communism and freedom.

The first postwar decade was a phase of violence and threat of violence. There was the continued Soviet military occupation of Northern Iran, the Communist guerrilla war in Greece, the Soviet blockade of Berlin, the Communist take-over of Czechoslovakia under the menace of armed invasion, the war against Korea, the war against Indo-China, the warfare in the Formosa Straits, and the hostile threats against Western Europe when the German Federal Republic acted to join the West.

Since last spring, this phase of violence seems to have undergone an eclipse. But we should remember that one of the doctrines taught by Lenin and constantly emphasized by Stalin was the need for "zigzag." Repeatedly Stalin drove home the idea that it is as important to know when to retreat as when to attack, and that when blocked in one course it is necessary to find another.

Stalin is dead. But for 30 years his writings have been the Communist creed, and Stalinism in fact, though not in name, is still a potent influence in Russia.

In prudence, therefore, we must act on the assumption that the present Soviet policies do not mark a change of purpose, but a change of tactics.

We do not, however, want policies of violence to reappear. Therefore, it is useful to have clearly in mind what are the free-world policies which have caused the Soviet Union to shift from tactics of violence and intimidation as being unproductive.

The free nations have adopted and implemented two interrelated policies for collective security. The first policy is to give clear warning that armed aggression will be met by collective action. The second policy is to be prepared to implement this political warning with deterrent power.

• **THE POLITICAL WARNING SYSTEM.** The first major political warning to the Soviet Union was expressed in the North Atlantic Treaty, a product of the Democrat-Republican co-operation of 1948 and 1949.

By the North Atlantic Treaty, the parties told the Soviet rulers that if they attacked any one, they would have to fight them all. If the Kaiser and Hitler had known in advance that their aggressions would surely bring against them the full power of the United States, they might never have begun their armed aggression. As it was, they miscalculated. The North Atlantic Treaty left no room for such miscalculation. That, said Senator Vandenberg, was "the most practical deterrent to war which the wit of man has yet devised."

But the North Atlantic Treaty was not enough. With that alone, it might be inferred that we were relatively indifferent to what occurred elsewhere, notably in Asia. And indeed, less than a year after the North Atlantic Treaty came into force, the Communists attacked the Republic of Korea.

But now, except for countries of South Asia which choose "neutralism," the gaps in the political warning system have been closed. The United States with bipartisan co-operation has made mutual-security treaties with the Philippines, Japan, the Republic of Korea and with the Republic of China on Taiwan. We have entered into the ANZUS Pact. We have joined with seven other nations to make the Southeast Asia Collective Defense Treaty. There is the Balkan Alliance of Yugoslavia, Greece and Turkey and the Baghdad Pact, which includes the "northern tier" of Turkey, Iraq, Iran and Pakistan.

All of these treaties are made pursuant to what the United Nations Charter calls the "inherent right of collective self-defense." Together they constitute a world-wide political warning system. They prevent the despots from miscalculating that they can use Red armies to conquer weaker nations, one by one.

• **THE DETERRENT OF RETALIATORY POWER.** It is, however, not enough to have a political warning system. It must have backing if it is effectively to deter. That poses a difficult problem.

> "With more than 20 nations strung along the 20,000 miles of Iron Curtain, it is not possible to build up static defensive forces which could make every nation impregnable to such a major and unpredictable assault as Russia could launch. To attempt this would be to have strength nowhere and bankruptcy everywhere. That, however, does not mean that we should abandon the whole idea of collective security and merely build our own defense area. . . . Fortunately we do not have to choose between two disastrous alternatives. It is not necessary either to spread our strength all around the world in futile attempts to create everywhere a static defense, nor need we crawl back into our own hole in the vain hope of defending ourselves against all of the rest of the world. . . . As against the possibility of full-scale attack by the Soviet Union itself, there is only one effective defense for us and for others. That is the capacity to counterattack. That is the ultimate deterrent. . . . The arsenal of retaliation should include all forms of counterattack with a

. . . "All-German elections would remove the puppet regime"

maximum flexibility. . . . In such a way the idea of collective security can be given sensible and effective content."

(What I have just been saying is what I said five years ago.*)

That program has now become a reality. We have developed, with our allies, a collective system of great power which can be flexibly used on whatever scale may be requisite to make aggression costly. Our *capacity* to retaliate must be, and is, massive in order to deter all forms of aggression. But if we have to *use* that capacity, such use would be selective and adapted to the occasion.

"To deter aggression, it is important to have the flexibility and the facilities which make various responses available. In many cases, any open assault by Communist forces could only result in starting a general war. But the free world must have the means for responding effectively on a selective basis when it chooses. It must not put itself in the position where the only response open to it is general war. The essential thing is that a potential aggressor should know in advance that he can and will be made to suffer for his aggression more than he can possibly gain by it. This calls for a system in which local defensive strength is reinforced by more mobile deterrent power. The method of doing so will vary according to the character of the various areas."

(What I have been saying is from an article I wrote about two years ago.†)

Our mutual security arrangements help provide the local defensive strength needed to preserve internal order against subversive tactics and to offer a resistance to aggression which would give counterattacking, highly mobile forces time to arrive.

Thus we have collective defense policies which, on the one hand, are calculated to deter armed aggression and which, on the other hand, we can, if need be, live with indefinitely.

The two elements I have described, on the one hand, a political warning system, and on the other hand, selective retaliatory power, constitute in combination a firm foundation for peace. If we want peace to continue, we must preserve that foundation intact.

We earnestly strive for some dependable system of limitation of armament. Until we succeed in such efforts, however, we and our allies must constantly maintain forces, weapons and facilities necessary to deter armed aggression, large or small. That is an indispensable price of peace.

• **THE STRUGGLE FOR JUSTICE.** But we dare not assume that the only danger is that of armed aggression, and that if armed aggression can be deterred, we can otherwise relax.

There still exist grave injustices to be cured and grave dangers to be averted.

President Eisenhower, speaking last August, pointed out that "Eagerness to avoid war—if we think no deeper than this single desire—can produce outright or implicit agreement that injustices or wrongs of the present shall be perpetuated in the future. We must not participate in any such false agreement. Thereby we would outrage our own conscience. In the eyes of those who suffer injustice, we would have become partners with their oppressors. In the judgment of history we would have sold out the freedom of men for the pottage of a false peace. Moreover, we would assure future conflict."

And the President went on to point to the division of Germany and the domination of captive countries as an illustration of the injustices of which he spoke.

We shall not seek to cure these injustices by ourselves invoking force. But we can and will constantly keep these injustices at the forefront of human consciousness and thus bring into play the force of world opinion which, working steadily, will have its way. For no nation, however powerful, wishes to incur, on a steadily mounting basis, the moral condemnation of the world.

This force was a potent factor in bringing Austria its freedom. Last May, after seven years of delay, the Soviet Union signed the Austrian Treaty, the Red forces were withdrawn and Austria was liberated.

We face a similar problem with respect to the reunification of Germany.

The July meeting of the heads of government at Geneva had brought this problem to the forefront. There the four heads of government had explicitly agreed "that the reunification of Germany by means of free elections shall be carried out." However, at the second Geneva Conference last month, the Soviet Union repudiated that agreement, despite Western offers which gave maximum assurances that a reunified Germany would not create insecurity for the Soviet Union and any of Germany's neighbors. Apparently the Soviets realized that all-German elections would surely remove from power the puppet regime which it has installed in East Germany. This, in turn, would have repercussions throughout the Soviet satellite world.

Therefore, the Soviet Union took the rigid position that it could accept no proposals for Germany, however reasonable, if they might enable the German people to get rid of those whom the Soviet has picked to rule in the eastern Soviet zone of Germany.

The result is that the West must continue to maintain the pressure of world opinion for the undoing of the present injustice which separates 17 million Germans from the great body of their fellows.

• **WESTERN UNITY.** The Western European nations need also to continue to develop their own unity, not merely for defense, but also for well-being. It is the past divisions of Western Europe and the rivalries of these nations which has been the greatest cause of war and economic weakness.

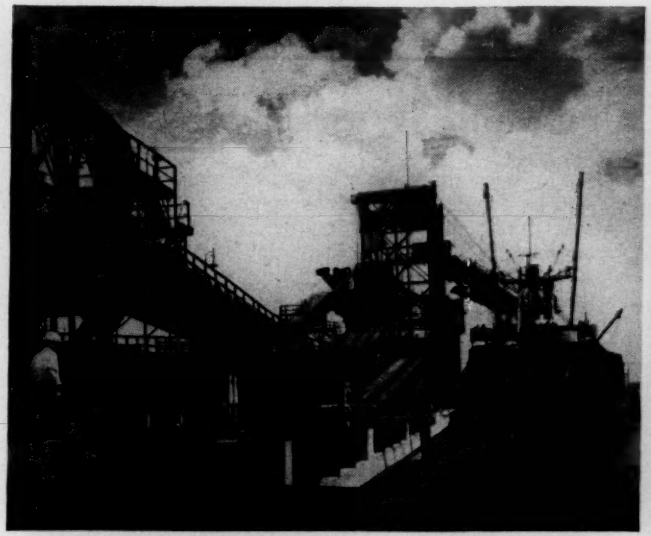
The North Atlantic Treaty Organization serves greatly, not only to protect Europe, but to provide a sense of unity and fellowship. I shall be sharing in that next week when Secretary Humphrey, Secretary Wilson and I go to Paris for the December NATO Ministerial Council meeting. These meetings enable the Ministers of foreign affairs, of finance and of defense to consult together and tighten the bonds which join the 15 NATO partners. These bonds are strong and tested. NATO is more than a mere military defense. Its members are constantly seeking and finding useful ways, other than military, to give expression to the closeness and warmth of their relationship.

But there is also need for unity on a more intimate basis among the continental European nations themselves. The six nations of France, Germany, Italy, Belgium, the Netherlands and Luxembourg already have begun to create common institutions, notably the Coal and Steel Community. I was glad to find on my last visit to Europe that the movement to develop along these lines is taking on new vitality. That movement must obtain its strength primarily from the peoples concerned. It is, however, a development in which the United States has a deep interest and which it is prepared to support if opportunity offers.

(Continued on page 114)

*"Where are We"—Address of Dec. 29, 1950 under auspices of American Association for the United Nations.

†*Foreign Affairs*, April, 1954—press release March 16, 1954.



Car-a-minute coal loading paces the tempo of this bustling Port.

Fast handling, 20 berths, mean "no waiting" for general cargoes.

Three huge cranes rush ore by the shipload into waiting cars.

Baltimore's largest elevator moves grain with time-saving speed.

How the Western Maryland Railway helps make

Baltimore an hour-saving port

Quick turnaround in port is the dream of every shipper involved in the movement of waterborne freight. Port Covington, WM's tidewater terminal, is designed to keep turnaround tuned to a quickstep.

Visit this vast layout of wharves, rail yards, ore loaders, grain elevators, trucking areas and a whole "complex" of modern freight-handling equipment. *It's all devoted to just one end: getting freight to—or from—ships in the fewest possible man hours, ship hours and car hours.*

Add to *time-saving* the natural advantages of the great Port of Baltimore.

See how it thrusts deep towards the Nation's heartland. Observe its mild, open climate. And consider the cooperative temper of all those with whom you come in contact in the Port.

It is easy to understand why use of Western Maryland's facilities at Port Covington Terminal makes such pleasant reading on comparative cost sheets.

Let us tell you more about it.

WESTERN MARYLAND RAILWAY

St. Paul Place, Baltimore 2, Md.

Short Cut for Fast Freight

. . . "We need not assume that Asian leaders are easily duped"

As this movement develops, it is bound to exert a powerful influence on the Eastern European countries. If the Western European countries find, in unity, increased prosperity, there will be increasing pressure in the satellite countries for independent governments responsive to the needs and aspirations of the people.

This may speed the day when the Soviet rulers will come to realize that to hold these Eastern European nations in subjugation involves an obsolete reactionary practice, entailing costs, moral and material, far outweighing the seeming advantages.

• **THE LESS-DEVELOPED COUNTRIES.** New tasks also confront us in the less-developed areas of the world. There, hundreds of millions of people lack what could and should be theirs.

These areas have always been a target of Soviet Communism.

Today, as the Soviet rulers are balked in their effort to extend their influence by force, they have picked these areas as targets of their guile. The Soviet peoples seriously lack many of the commodities of everyday living. The satellite peoples are particularly exploited and their standards of living have been seriously reduced. But the Soviet rulers find it easy to neglect these needs while professing concern for the welfare of those whom they call "colonial and dependent peoples" whose "amalgamation" into the Soviet Communist orbit has always been an open goal of Soviet policy.

The Soviet rulers, themselves exponents of a materialistic philosophy, have concentrated their educational efforts on training scientists. By now, the Soviet output of trained technical personnel is large. Also these technicians are always at the command of their Government, to do whatever their Government wants. They are thus available to go into the other areas, as a symbol of promises which are alluring.

We need not become panicky because Soviet Communism now disports itself in this new garb. We need not assume, as some seem to assume, that the leaders in the Asian countries are unaware of danger and easily duped by false promises. These leaders have, indeed, had much political experience and have helped to win great political successes for their countries.

But the peoples of free countries which are not adequately developed do need the kind of help which matured industrial economies have historically provided for less-developed economies.

The flow of private capital partly meets that need. But government also has an important role to play. We have indeed for several years had a governmental program for economic and technical assistance, much of which is directed to the less-developed areas. That program is manned by a splendid corps of dedicated men and women. Congress has appropriated substantial funds to finance this program and to provide economic aid, much of which goes to the less-developed areas. We expect to ask the Congress this coming year for as much money for this purpose as we think can usefully be spent, and we expect that the Congress will, as in the past, patriotically respond. Also we shall seek somewhat more flexibility than heretofore.

We are helping in other ways too. For example, our scientists, with the help of those from other free countries, had the imagination to see the immense possibilities in fissionable material. We were the first to crack the atom and to find the way to harness its vast power. We are in the lead in developing President Eisenhower's program of "atoms for peace."

However, the coming years pose a challenge to our nation and its people. A grudging response will not be enough. Nor will public money alone provide the answer. An effective response will call for a revival of the crusading spirit of our past.

We need to recapture the spirit which animated our missionaries, our doctors, our educators, and our merchants who, during the last century, went throughout the world carrying the benefits of a new way of life. For the most part these persons were not seeking to make money for themselves, although the profit motive was an honorable incentive. What they sought, and what they gained, was the unique joy that comes from creating and from sharing.

It would indeed be tragic if our people, and particularly our youth, now became so attracted by mercenary considerations, by the lure of the market place, that they lost the missionary spirit, the sense of destiny, which has been characteristic of our nation since its beginning and which has made it great.

I frequently think of the scriptural promise that material things will be added unto those who seek first the Kingdom of God and His righteousness. This nation has from its earliest days been influenced by religious ideals. Our forebears believed in a Divine Creator who had endowed all men with certain inalienable rights. They believed in a moral law and in its concepts of justice, love and righteousness. They had a sense of mission in the world, believing it their duty to help men everywhere to be and to do what God designed. They saw a great prospect and were filled with a great purpose.

Under the impulsion of that faith, there developed here an area of spiritual, intellectual and economic vigor the like of which the world had never seen. It was no exclusive preserve. Indeed, sharing was a central theme. Millions were welcomed from other lands to share equally the opportunities of the founders and their heirs. Through missionary activities and the establishment of schools and churches American ideals were carried throughout the world. Our Government gave aid and comfort to those elsewhere who sought to increase human freedom.

Meanwhile, material things were added to us. Now we must take care lest those by-products of great endeavor seem so good that they become promoted to be the all-sufficient end.

That is the danger against which we must always be on guard. That is particularly the case today, when a huge materialistic state like the Soviet Union, thwarted in its efforts to aggrandize itself by force, coldly and cruelly calculates on how to exploit, for its selfish ends, the aspirations of the peoples of less-developed lands.

What the world needs to know at this juncture is that our nation remains steadfast to its historic ideals, and follows its traditional course of sharing the spiritual, intellectual and material fruits of our free society; in helping the captives to become free and helping the free to remain free, not merely in a technical sense, but free in the sense of genuine opportunity to pursue happiness, in the spirit of our Declaration of Independence.

And may we never forget that, as Lincoln said, that Declaration was not something exclusive to us, but that there was "something in that declaration giving liberty, not alone to the people of this country, but hope for the world for all future time. It was that which gave promise that in due time the weights should be lifted from the shoulders of all men, and that all should have an equal chance."

That was the spirit in which our nation was conceived. May it also be the spirit in which we live.

Boeing's Jet Stratoliner circles over Washington, D. C., at 30,000 feet, 238 minutes after leaving Seattle.

Coast to coast and back—in 486 minutes!

Seattle to Washington, D. C.—238 minutes. Washington to Seattle—248 minutes. Those history-making records were set by the Boeing 707 jet prototype on October 16. In each direction—west-to-east and east-to-west—the sleek Boeing, America's first jet transport, clipped more than two hours off the best previous time made by any transport plane!

Naturally the round-trip flight made front-page news. But the important fact about it, possibly missed by some readers and televiewers, was that this was a *routine* flight—one of scores made by the Boeing 707 in more than a year of constant testing. The 707 is not just an idea on a drawing board. It is a *real airplane*, with brilliant performance that has already been thoroughly proved in the air.

Pan American World Airways will bring you the first transocean jet service—in the spring of 1959. American Airlines will start the first transcontinental jet service—in June, 1959. Both of them, of course, with Boeing 707 Jet Stratoliners.

These early—and first—jet transport services will be possible because Boeing was the one manufacturer with enough faith in jet transports to build, and prove, a prototype airplane with its own money.

There is only one *first jet transport* in America. It is the Boeing Stratoliner, backed by Boeing's experience in building and flying more big, multi-jet aircraft than any other company.

BOEING

JET STRATOLINER

On skyscraper
or showroom

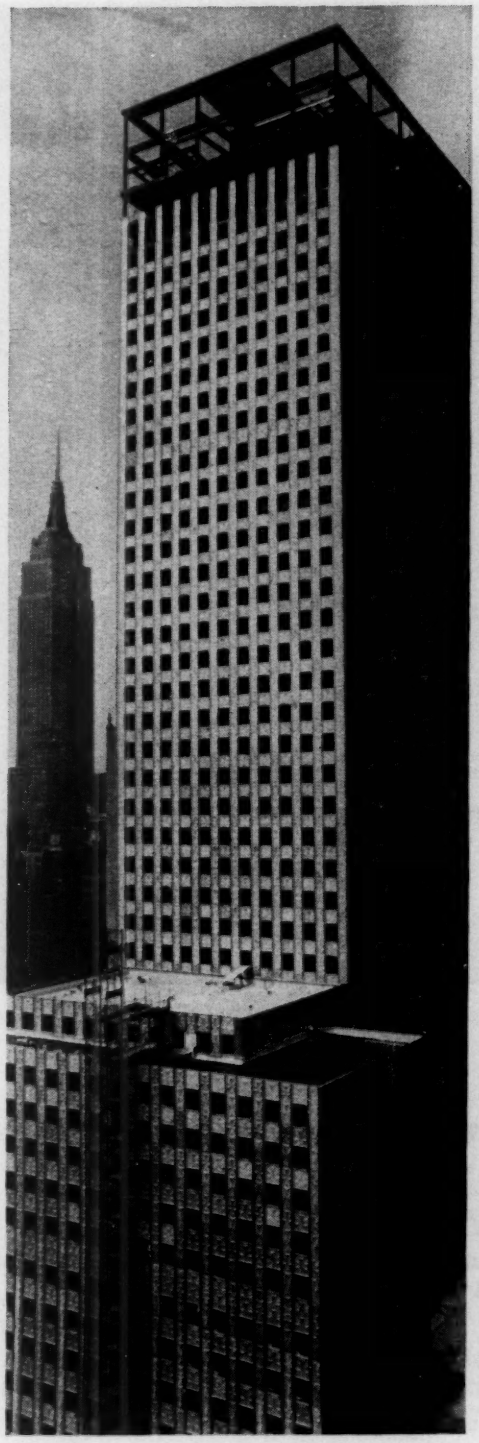
Armco Stainless looks handsome stays handsome

On the outside of this modern office building—or on the front of your store or place of business, stainless steel gives unequalled beauty, long life and ease of cleaning.

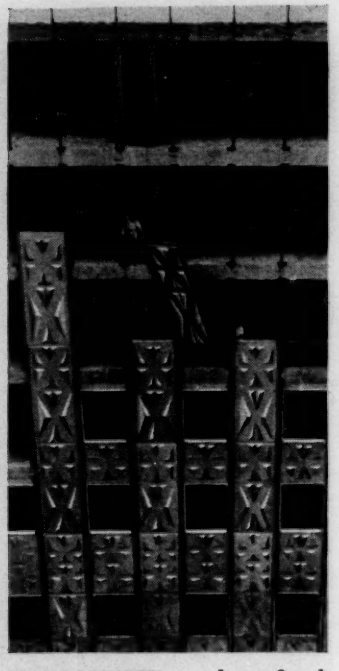
That's why you see Armco Stainless Steel on towering skyscrapers and so many other places like store fronts, decorative panels inside and out, door and window trim and hardware.

Stainless steel's hard, bright surface stays new-looking. There's no plating to wear off—it's stainless all the way through.

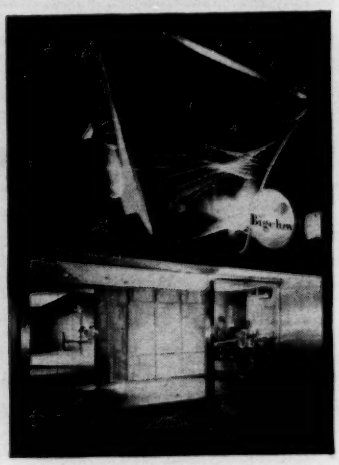
Besides making stainless steels in a wide variety of sheets, bars and wire, Armco is a leading producer of other special steels. For more than a half-century, manufacturers have used these steels for their consistent high quality and extra sales features in finished products.



ARMCO was one of the producers of stainless steel for the "skin" of the dramatic new 45-story Socony-Mobil Building in New York. Stainless was chosen for its beauty, light weight and ease of cleaning. And it's tough, durable.



STAINLESS STEEL panels are fitted into place easily and quickly on the new Socony-Mobil Building. It took nearly 11 acres of enduring stainless steel to sheathe this giant, the largest metal-clad structure anywhere in the world.



WEATHER-RESISTANT stainless steel gives this showroom entrance a rich effect. An occasional cleaning is all that's needed to keep it attractive.

ARMCO STEEL CORPORATION

MIDDLETOWN, OHIO

SHEFFIELD STEEL DIVISION · ARMCO DRAINAGE & METAL PRODUCTS, INC. · THE ARMCO INTERNATIONAL CORPORATION

News YOU Can Use ®

IN YOUR PERSONAL PLANNING

24th and N Streets, N.W.
Washington, D.C.

It's vital to take a last-minute look now, before the year is out, at things you can do to lessen your 1955 tax bill.

EASING THE TAX BLOW. Talk of a tax cut's being put through Congress next session makes current tax planning especially important. The long rise in the stock market is another factor that has a bearing. And there's scant time left for steps you can take legitimately to ease your tax burden.

In general, the idea is to postpone any income you can until after December 31 so it will be taxed at next year's prospective lower rates, or to bunch up deductions now when they may be worth more taxwise. You need to watch, though, to avoid overdoing it and getting yourself into a higher tax bracket next year.

DOUBLING DEDUCTIONS. You might, for example, pay up before the year's end any 1956 pledges made to your church or the Community Chest; that way they will count as deductions along with your 1955 charitable contributions. Or you may be able to prepay such deductible items as interest charges and medical bills. Or settle real estate taxes ahead of next year's due date.

OTHER WAYS TO SAVE. Here are other tax-saving possibilities to look into:

Professional men or self-employed businessmen might delay sending out bills or pressing delinquent accounts so income will be postponed. Payment might also be made now for supplies or repairs that will not be used until 1956.

Farmers may delay marketing; buy seed, fertilizer and the like in advance.

People who own stocks that have gone up in value might sell--especially if they have losses to cancel gains. Rebuying the same stock would leave their investment position intact, establish a higher cost basis for the future.

Stocks that are off in price can be sold to get losses that cancel gains.

Deductible expenses might be postponed to next year if 1956 income and tax --despite the prospective cut--are expected to be up sharply.

Gifts must be made by year end, or the 1955 annual exclusion on the gift tax will be lost. Gifts now may reduce estate taxes later. Giving property to a charity may be better taxwise than giving cash equal to the property's cost.

LICENSE PLATES. In place of tacked-on brackets or bolt holes in bumpers, license-plate receptacles may be built into the outer contour of 1957-model automobiles. That's a prediction of the American Standards Association, based on general acceptance by the various States of a new standard for license plates.

(over)

The Association says the standard would mean a one-size tag all over the nation, simplified mounting, better appearance, less risk of theft, and the possibility of improved legibility of the tag day and night.

DEPRECIATION. You cannot claim an income tax deduction for depreciation on your home, but, if you turn it into rental property, you can. Now the U.S. Court of Appeals for the Third Circuit points up a tax rule that governs how to decide the amount of depreciation you can claim over the years.

If, says the Court, the property's market value at the time you convert it is more than the original cost, your total depreciation is limited to the cost figure. If the worth at conversion is less than the cost, you are allowed only the fair market value as the depreciation limit.

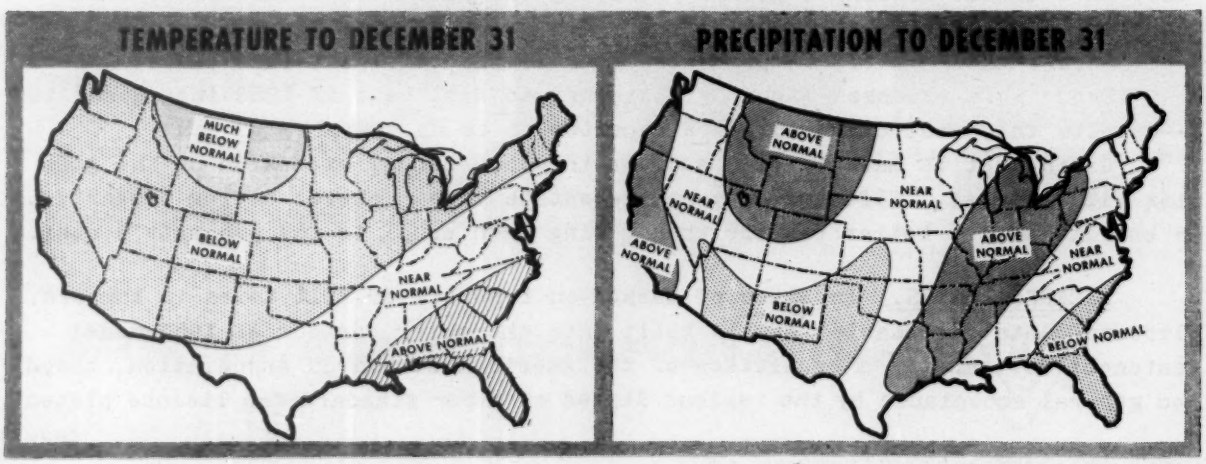
TAX FORMS. The Internal Revenue Service is cutting down on some of the filing-time help it gives taxpayers. The move--paradoxically--is aimed at giving better service to tax-puzzled people. No longer, IRS says, will its agents fill out tax forms for an individual unless that person is illiterate or physically unable to do the job himself. More agents thus will be available to answer taxpayer questions. Field offices also have been told to set up filing-instruction "classes" and evening-hour telephone advisory service where needed.

TREE LIGHTS. For lighting living Christmas trees outdoors, avoid using bulbs larger than 15 watts, a specialist with a national tree-service company advises. Stronger bulbs may burn the needles.

UNORDERED MERCHANDISE. Fund-raising appeals from organizations that send out fountain pens, religious medals, seals or other articles raise the question about what your obligations are toward such unordered merchandise.

The National Better Business Bureau says that you needn't return the item, give it particular care or pay for it unless you use it. If, within a reasonable time, a representative of the sender calls in person to ask for the item's return, you are obligated to hand it over. You can, however, demand payment for your trouble in holding it for him.

WEATHER. Expect the year's tag end to be colder than normal in much of the nation. So says the Weather Bureau outlook on which these maps are based:



Rugged Strength and Performance in Wheels by Kelsey-Hayes

No part of the car you drive is more vital to your safety than the wheels it performs on. Yet no part is more taken for granted. Except, of course, by the people who build America's motor cars. They have your safety uppermost in mind when they specify wheels by the Kelsey-Hayes Wheel Company, Detroit 32, Michigan.

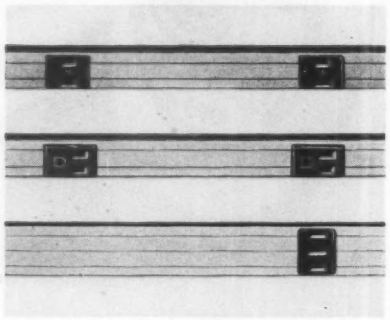
KELSEY-HAYES

A Major Supplier to the Automotive, Aviation and Agricultural Industries

Wheels, Brakes, Brake Drums, Special Parts for all Industry

9 Plants—Detroit and Jackson, Mich. . . . McKeesport, Pa. . . . Los Angeles, Windsor, Ont., Canada . . . Davenport, Ia. (French & Hecht Farm Implement and Wheel Div.)

Magic in Merry Christmas



When planning "built-in" comfort features for your home, be sure to include the all-round convenience of NE "Plug-In" Strip.

To the delight of a happy youngster, and his Dad, a train chugs merrily along its track, and a festive tree comes aglow—all at the flick of a switch.

Back of these holiday pleasures is the unseen magic of electricity—and the safe, dependable pathways through which it must travel—the electrical wiring system.

There's a wonderful new idea for these pathways! It's a system of NE "Plug-In" Strips to provide *electric outlets every 18 inches all around the room.* Complete freedom for furniture arrangement! Plenty of outlets for lamps, radio and TV.

National Electric Products Corporation, as the leading producer of a complete line of electrical distribution systems, provides these NE "Plug-In" Strips—and many other safe, dependable pathways for the modern magic of electricity.

NATIONAL ELECTRIC PRODUCTS CORP. PITTSBURGH, PA. 50™ ANNIVERSARY 1905–1955

...for Dependable Pathways of Power

National Electric Products

PITTSBURGH, PA.

3 Plants • 10 Warehouses • 36 Sales Offices

MORE ON AID FOR SCHOOLS

Protestants, too, are getting on the record at this time with their views about using tax money to benefit church-school pupils.

Here is the full text of a statement just issued by the country's largest organization of Protestant churches, opposing the use of federal funds to support the church schools.

Also: Statements by a Catholic education official and from a private-school group in reply to an article in *U. S. News & World Report* of Dec. 2, 1955, on the issue of aid with taxpayers' money for nonpublic schools.

WHAT A PROTESTANT GROUP SAYS

Following is full text of a statement issued by the general board of the National Council of the Churches of Christ in the U.S.A. at its quarterly meeting in Omaha on Dec. 1, 1955:

During recent weeks there has been much public discussion of various particular problems of education in America. Citizen conferences, professional associations of educators, and clerical groups have been speaking about public schools, private schools, and religion or religious values in education. But there are aspects of the general situation which these statements have not encompassed and which need to be taken into consideration.

The pattern of education which prevails in America and which is appropriate in our free society, a major essential feature of which is separation of church and state, includes the public schools, private schools—many of them under church auspices—and special schools on Sundays or weekdays, some on released time, for specific religious education. The Sunday or Sabbath schools, in which more than 37 million students are enrolled, have often been omitted from recent discussions of education.

The public schools alone are not adequate for the total institutional process of education. The home and the church must provide the major portion of religious education. This combination of general public education and specific private religious education is the most generally prevailing pattern and has proved to be, on the whole, satisfactory, though both aspects need strengthening.

Those who desire, instead, to maintain private schools in which general education and religious education are brought together in one institution are appropriately free to do so in our pluralistic society. The full support for such private schools should be provided by those who choose to maintain them. Asking for the support of church schools by tax funds on the grounds that they contribute to the national welfare is not different in principle from asking for the support of churches by tax funds, for churches surely contribute to the national welfare. Such support would in both cases be contrary to the separation of church and state.

Most of us who support the combination of general public education and specific private religious education do not ask the public schools, supported by taxes and directed by the state, to assume responsibility for the formal teaching of religion. This is the responsibility primarily of the home and the church. Parents have the right to educate their children according to their conscience and best wisdom. But to take this position is not to assume that the public schools are or need be God-less. It is expected that they shall teach that religion is an essential aspect of our national heritage and culture, that this nation subsists under the governance of God, and that our moral and ethical values rest upon religious grounds and sanctions. To do otherwise would be to distort history.

The public schools are a bulwark of American democracy, being both a basis and a product of our community life. The right of a democratic state to enforce compulsory school attendance is compromised and its own existence is put in jeopardy when good nonsectarian public schools are not available for all children.

We pledge ourselves to the strengthening of the public schools and to continued effort to improve religious education in home and church so that it together with public education may develop a more God-fearing and morally responsible citizenry.

A CATHOLIC VIEW ON AID TO SCHOOLS

by Monsignor William E. McManus

Assistant Director, Department of Education, National Catholic Welfare Conference

As requested, I am commenting on an article entitled "Should Taxpayers Support Nonpublic Schools?" which appeared in the December 2 issue of *U. S. News & World Report:*

1. The article states that the 1955 statement of the Catholic bishops "is only one more blow in the long fight of the Roman Catholic Church to obtain large-scale aid for its church-sponsored and church-operated schools."

The article also declares that the bishops "are proposing that nonpublic schools, including church-related schools, should share in any aid that is given by the Federal Government to public schools."

There is nothing in the bishops' statement to warrant these assertions. The bishops' statement makes no reference whatsoever to federal aid to education, nor does it in any

. . . Msgr. McManus: "Catholics have many different opinions"

way call upon any branch of Government to support church-related schools in the same way that public schools are supported.

The bishops' statement does say that students of private and church-related schools "have the right to benefit from those measures, grants or aids which are manifestly designed for the health, safety and welfare of American youth, irrespective of the school attended."

What are "measures, grants or aids manifestly designed for the health, safety and welfare of American youth"?

The Supreme Court of the United States has defined them to mean bus rides, textbooks—except those for religion—health services and school lunches. This is a good definition and one which the bishops evidently had in mind when they made their statement.

2. The article says that free textbooks are supplied to pupils in Catholic schools in Kansas and West Virginia.

In these States, textbooks are given only to indigent children in these schools.

3. The article attempts to state a "Catholic position" on justice for Catholic schools under the heading, "What Catholics want." This position is attributed to anonymous sources, e.g., Roman Catholic authorities and various authorities.

The fact is that Catholics have many different opinions about the extent and manner in which justice might be done to children attending private and church-related schools. Some might favor tax support for church-related schools; others would think it unwise. The summary statement, therefore, of the so-called "Catholic position" did not do justice to all shades of Catholic opinion on this very involved topic.

PRIVATE SCHOOLS: AN EDUCATOR REPORTS

by Francis Parkman

Executive Secretary, National Council of Independent Schools

I have read with interest your article on pages 35 and following of your December 2nd issue, "Should Taxpayers Support Private Schools?" and am writing to correct what I believe to be an error on page 35, where it reads: "Most of the remainder [of the private-school population] are in nondenominational schools that are run for profit . . ."

I had occasion a short time ago to check our membership list of over 400 schools, and found that close to 95 per cent of them are incorporated not for profit.

While some of our members are denominational schools, most of them are not, and it is safe to say that the great majority of the established nondenominational schools are not "run for profit," but are incorporated as nonprofit institutions.

—Black Star

"THE PUBLIC SCHOOLS ALONE ARE NOT ADEQUATE FOR THE TOTAL . . . PROCESS OF EDUCATION"

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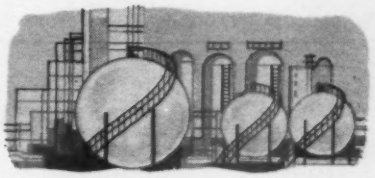

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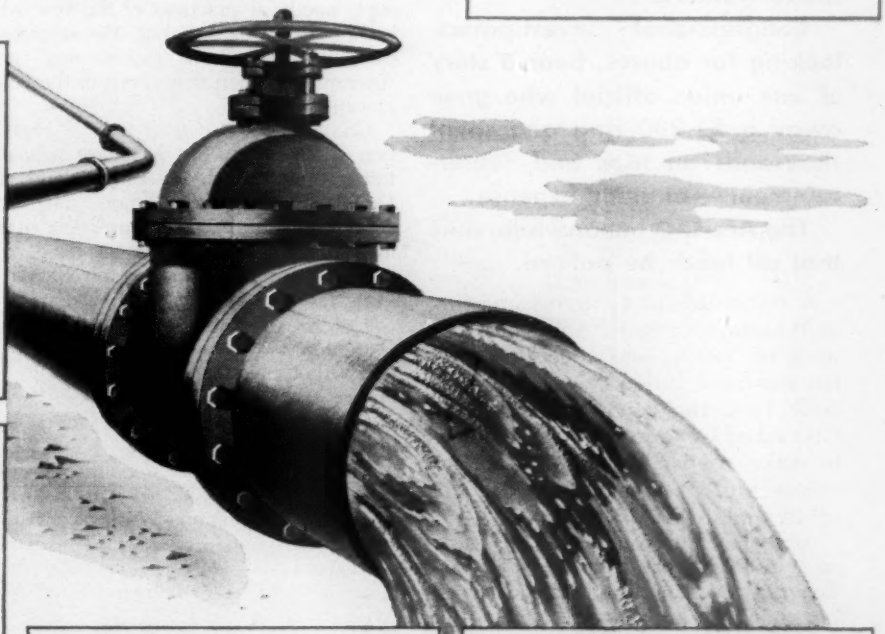

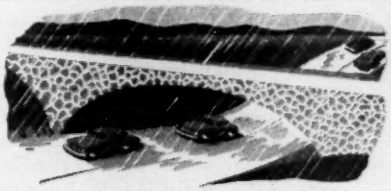

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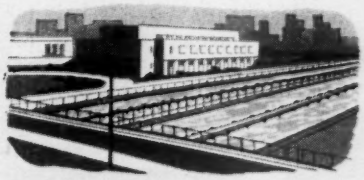

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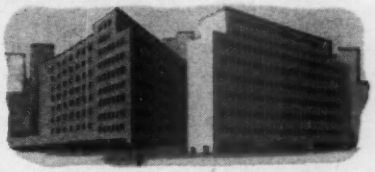

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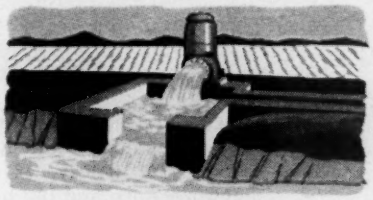

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WELFARE FUNDS AGAIN UNDER FIRE

Demand is growing for Government to keep a closer check on funds that pay millions in benefits to workers.

Congressional investigators, looking for abuses, hear a story of one union official who gave away a $1,200 ring and spent thousands on trips and "entertainment"—at union expense.

The AFL-CIO, meanwhile, asks that all funds be policed.

A committee of Congress, meeting in Washington, heard complaints last week of "looting and abuse" of a union insurance fund. The next day, in New York, the newly merged AFL-CIO asked Congress to require unions to make annual reports to the Government on the financial operations of all welfare funds.

Attention, as a result, again is focused on a problem that long has concerned Congress and some labor leaders: how to prevent abuses in the management of welfare funds, many of which contain huge sums of money.

In calling for congressional action, the AFL-CIO spoke out for policing welfare funds in general, with no mention of any one fund. It suggested that Congress require all unions to make annual financial reports on such funds to the Internal Revenue Service. In a resolution, AFL-CIO said that honest officials of unions are being discredited "by the dishonest, corrupt, unethical practices of the few who betray their trust." Labor, the resolution said, must condemn "racketeering" and "corruption" when they occur in the labor movement.

Congress has avoided federal regulation in the past. But a Senate subcommittee, headed by Senator Paul H. Douglas (Dem.), of Illinois, has been studying welfare-fund abuses for many months. Senator Douglas has said that legislation probably will be introduced in Congress next year.

Just last week, the subcommittee heard testimony that brought from Senator Gordon Allott (Rep.), of Colorado, the charge that "we have shown here a very definite, plain pattern of the looting and abuse of union funds."

On the stand before the subcommittee was Angelo Inciso, President of Chicago Local 286, Automobile Workers of America. This union has been an affiliate of the old AFL, and has had no connection with the better-known United Auto Workers of the old CIO.

Mr. Inciso was questioned about the operations of an insurance fund that Senator Douglas said had been "comingled with the union funds." The questioning turned to a series of vouchers that showed Mr. Inciso had withdrawn, in a few months, about $15,000 for "organizing expenses."

Asked about a voucher for "organization expenses" of $1,200 and an attached bill from a jewelry store for a man's ring, Mr. Inciso testified that this should have been listed as a gift.

The subcommittee's chief counsel, Paul J. Cotter, questioned Mr. Inciso:

Mr. Cotter: What was the purpose of buying a $1,200 ring out of union funds, Mr. Inciso?

Mr. Inciso: We have different local unions that do not belong to this local union and at various times they do me favors. And I consider it good business, as any businessman knows, when anyone does anything of value for you, for your appreciation you should give him something, and that is what I have done.

Mr. Cotter: Did you get the consent of your dues-paying members for this?

Mr. Inciso: No, because it would take me so long to get all my dues-paying members together, that, before I got it done, it would be out of style.

Mr. Cotter: To whom did the ring go?

Mr. Inciso: I am almost sure it went to one of the Teamsters unions. I have the name down some place because I put everything down that I do. I don't think it was one ring, I think it was two rings.

• **Other gifts.** Further testimony touched on additional gifts, often for Teamsters Union officials in Chicago. Saying he had found items of this sort amounting to about $3,400, Mr. Cotter asked if Mr. Inciso had a custom of making gifts of that proportion to various people.

The following is from the transcript of the testimony:

Mr. Inciso: Anyone that done us a favor, that we thought would help the whole union tremendously, as I have saw other businessmen and big businessmen give things to people who have done them favors, I, in turn, believe that these people have done me some tremendous favors.

I don't believe it would be honestly good to give them money, so we gave them a token of what we thought would be good appreciation of what they had done for us.

• **Travel expenses.** The subcommittee also questioned Mr. Inciso about a six-day trip he took to Puerto Rico in 1953. The union leader said the purpose was to investigate working conditions in a plant owned by a Chicago firm. His

(Continued on page 126)

—United Press

UNION LEADER VS. CAMERAMEN

Angelo Inciso, president of Chicago Local 286, Automobile Workers of America (AFL), hides his face from cameras at the Senate hearing

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. . . Trip to Puerto Rico: It cost union $500 a day

union had a contract with the Chicago company.

Testimony showed the trip cost $2,960. These questions and answers are from the subcommittee transcript:

Mr. Cotter: Here is a summary breakdown, apparently in your own hand, with respect to your trip to Puerto Rico, and it has "hotel expenses, $747.10." That is one item . . . Isn't that rather lavish?

Mr. Inciso: I don't think so.

Mr. Cotter: For just a six-day investigation?

Mr. Inciso: I don't think so, because I have seen managements down there who have spent a lot more than that.

Senator Douglas: One point that strikes me as extraordinary: Presumably, you were in Puerto Rico to investigate conditions in order to benefit the workers, but you spend approximately $1,300 to help entertain the owners and the management.

Senator Allott: I think it might be wise to say he spent it entertaining himself. If he was there for six days, his cost of entertainment and cost of the trip averaged $500 a day. That is pretty good entertainment.

• **A trip to Europe.** Further testimony developed that it cost the union about $3,400 to send Mr. Inciso on a 60-day visit to Europe early this year. He was asked the purpose of the trip.

Mr. Inciso: I went to Europe to see how the living conditions were, and also to see how the situation was.

Senator Douglas: In other words, you were conducting a—

Mr. Inciso: Good-will tour.

Senator Douglas: To whom were you spreading good will?

Mr. Inciso: Myself.

• **In defense of diamonds.** Another witness was Anthony Doria, national secretary-treasurer of Mr. Inciso's union, who defended the diamond rings and other gifts handed out by Mr. Inciso.

Mr. Doria said that the gifts made friends among Teamsters officials who could help in organizing drives or in negotiating contracts.

Senator Allott commented in part: "These funny payments, these funny kickbacks, this gaining of influence with little gifts and big gifts, to me is one of the most unfortunate things that could ever occur in an instance of this kind.

"Coupled with it is the fact that you have these mixed-up funds—insurance and union dues—and one man, one man

(Continued on page 127)

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. . . Senator Douglas: Congress should investigate

alone, disbursing thousands and thousands and thousands of dollars upon his own say-so . . ."

Senator Douglas said the union officials "don't seem to realize that what you are doing is taking money out of the pockets of the workers." He added:

"Now, a sense of stewardship, a sense of trusteeship would require much more of a simple scale of living. You are not representing huge corporations. You are representing hard-pressed men who are workers. . . . "

The Senator said that Mr. Inciso's trips, in his view, were "pleasure junkets paid for, as I say, by relatively low-paid workers."

Senator Douglas added that he does not know if this is illegal, but that the sub-

–USN&WR Photo

SENATOR DOUGLAS

". . . out of the pockets of the workers"

committee should investigate "not only the legality, but the propriety" of such acts.

"What distresses me," he said to Mr. Doria, "is that both you and Mr. Inciso seem to see nothing wrong about these expenditures. You know, it is expenditures like these which discredit the labor movement—discredit the good aims of the labor movement. It casts reflections upon unions which do not practice these expenditures."

Mr. Doria, in reply, said: "Senator, to the contrary. It is expenditures such as these that expand the horizon of labor leaders to the point where they can more adequately compete with with what is sitting across the table from them that has been doing this for one hundred years."

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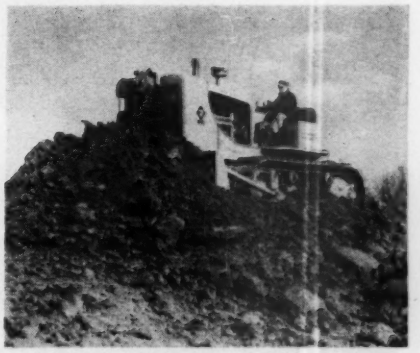

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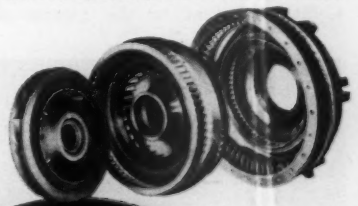

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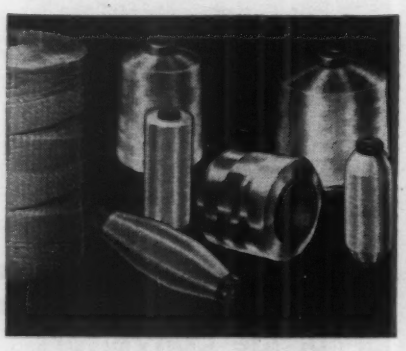
1 **R. H. Barnard,** president of L·O·F Glass Fibers Company, Toledo, Ohio, compares lightweight glass-fiber-blanket material with a package of cigarettes. Looking on are Vice President J. M. Johns (left), director of sales, and Vice President Thomas A. Collins, assistant to the general manager. "We depend upon suppliers like Wyandotte," says Mr. Barnard, "to help us maintain our 24-hour-a-day production schedule. They deliver raw materials in quantities we need . . . at the time we need them." Wyandotte products are basic to many industries, including: paper, paint, petroleum, detergents, textiles, rubber—and, of course, glass.



2 **Glass-fiber** yarns and reinforcing strands come in a variety of spool shapes to meet special needs. Product uniformity in glass fibers is assured by quality chemicals, such as Wyandotte soda ash—a vital ingredient, also, in paper, chemicals, soap.

3 **Finely woven** glass threads make luxurious, color-bright draperies and curtains. Here is an example of the wonders of chemistry . . . wonders which Wyandotte, with its research facilities, and as a major source for chemicals, helps make possible.

4 **Above: Test** proves glass-fiber screening is stronger, lighter, more durable. Wyandotte chemicals are tested, too, for commercial purity before shipment. You'll notice important savings in chemical costs when you buy from Wyandotte by carload.

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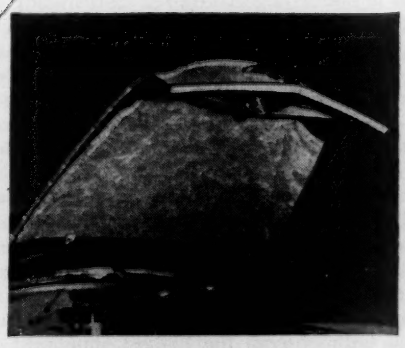

5 **L·O·F Glass Fibers'** thermal- and sound-insulating blanket material is widely accepted by automobile makers for use as hood liners. Wyandotte offers manufacturers a complete line of basic chemicals, including: caustic soda, chlorine, and bicarb.

6 **Colorful,** molded chairs made of glass fibers and synthetic resin are finding favor among young moderns. Wyandotte supplies the plastics industry with valuable glycols—the miscible, odorless chemical used in the production of these resins.

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With an Eye on '56:

BIDDING FOR THE LABOR VOTE—WHAT PARTY LEADERS SAY

With national elections less than a year off, top political figures launched these appeals to labor at the convention of the newly merged AFL-CIO:

Mr. Eisenhower—Workers are first of all Americans, with a free choice in politics.

Adlai Stevenson—Beware Republican efforts to play "the ugly politics of group hatred."

James P. Mitchell—Labor's voice in public affairs "should be heard loud and clear."

W. Averell Harriman—The Administration is "packed" with "men who are antilabor."

Harold E. Stassen—Most workers' families have had their best years under Ike.

EISENHOWER: "YOU ARE MORE THAN UNION MEMBERS"

Following is full text of an address by President Eisenhower, telephoned from Gettysburg to the AFL-CIO convention in New York, Dec. 5, 1955:

THE PRESIDENT

Mr. Meany, Mr. Schnitzler, members of the executive council, delegates to this convention and ladies and gentlemen of the AFL-CIO everywhere in America:

You of organized labor and those who have gone before you in the union movement have helped make a unique contribution to the general welfare of the republic—the development of the American philosophy of labor. This philosophy, if adopted globally, could bring about a world, prosperous, at peace, sharing the fruits of the earth with justice to all men. It would raise to freedom and prosperity hundreds of millions of men and women—and their children—who toil in slavery behind the Curtain.

One principle of this philosophy is: The ultimate values of mankind are spiritual; these values include liberty, human dignity, opportunity and equal rights and justice.

Workers want recognition as human beings and as individuals—before everything else. They want a job that gives them a feeling of satisfaction and self-expression. Good wages, respectable working conditions, reasonable hours, protection of status and security—these constitute the necessary foundations on which you build to reach your higher aims.

Moreover, we cannot be satisfied with welfare in the aggregate; if any group or section of citizens is denied its fair place in the common prosperity, all others among us are thereby endangered.

The second principle of this American labor philosophy is this: The economic interest of employer and employe is a mutual prosperity.

Their economic future is inseparable. Together, they must advance in mutual respect, in mutual understanding, toward mutual prosperity. Of course, there will be contest over the sharing of the benefits of production; and so we have the right to strike and to argue all night, when necessary, in collective-bargaining sessions. But, in a deeper sense, this surface struggle is subordinate to the overwhelming common interest in greater production and a better life for all to share.

The American worker strives for betterment not by destroying his employer and his employer's business, but by understanding his employer's problems of competition, prices, markets. And the American employer can never forget that, since mass production assumes a mass market, good wages and progressive employment practices for his employe are good business.

The class-struggle doctrine of Marx was the invention of a lonely refugee scribbling in a dark recess of the British Museum. He abhorred and detested the middle class. He did not foresee that, in America, labor, respected and prosperous, would constitute—with the farmer and businessman—his hated middle class. But our second principle—that mutual interest of employer and employe—is the natural outgrowth of teamwork for progress, characteristic of the American economy where the barriers of class do not exist.

The third principle is this: Labor relations will be managed best when worked out in honest negotiation between employers and unions, without government's unwarranted interference.

This principle requires maturity in the private handling of labor matters within a framework of law, for the protection of the public interest and the rights of both labor and management. The splendid record of labor peace and unparalleled prosperity during the last three years demonstrates our industrial maturity.

Some of the most difficult and unprecedented negotiations in the history of collective bargaining took place during this period, against the backdrop of noninterference by government except only to protect the public interest, in the rare cases of genuine national emergency. This third principle, relying as it does on collective bargaining, assumes that labor organizations and management will both observe the highest standards of integrity, responsibility and concern for the national welfare.

You are more than union members bound together by a common goal of better wages, better working conditions, and protection of your security. You are American citizens.

. . . Eisenhower: "Unions, employers can work out own destinies"

The roads you travel, the schools your children attend, the taxes you pay, the standards of integrity in government, the conduct of the public business is your business as Americans. And while all of you, as to the public business, have a common goal—a stronger and better America—your views as to the best means of reaching that goal vary widely—just as they do in any other group of American citizens.

So in your new national organization, as well as in your many constituent organizations, you have a great opportunity of making your meetings the world's most effective exhibit of democratic processes. In those meetings the rights of minorities holding differing social, economic and political views must be scrupulously protected and their views accurately reflected. In this way, as American citizens, you will help the republic correct the faulty, fortify the good, build stoutly for the future, and reinforce the most cherished freedoms of each individual citizen.

This country has long understood that by helping other peoples to a better understanding and practice of representative government, we strengthen both them and ourselves. The same truth applies to the economic field. We strengthen other peoples and ourselves when we help them to understand the workings of a free economy, to improve their own standards of living, and to join with us in world trade that serves to unite us all.

In the world struggle, some of the finest weapons for all Americans are these simple tenets of free labor. They are, again: Man is created in the divine image and has spiritual aspirations that transcend the material; second, the real interests of employers and employes are mutual; third, unions and employers can and should work out their own destinies. As we preach and practice that message without cease, we will wage a triumphant crusade for prosperity, freedom and peace among men.

To close, it is fitting that we let our hearts be filled with the earnest prayer that, with the help of a kind Providence, the world may be led out of bitterness and materialism and force into a new era of harmony and spiritual growth and self-realization for all men.

Thank you very much.

STEVENSON: REPUBLICANS "PLAY POLITICS OF HATRED"

Following are extracts from an address by Adlai Stevenson to the AFL-CIO convention in New York on Dec. 8, 1955:

MR. STEVENSON

I intended, when I accepted your invitation, not to let this become a political speech. I propose, nevertheless, to speak bluntly against what appears be a design to play the ugly politics of group hatred.

It started with the Secretary of Agriculture's attempt to blame the farmer's current depression on the city worker's wage increase. And now the Chairman of the Republican Senatorial Committee has charged labor leaders with organizing "a conspiracy of national proportions" to take over the Federal Government; the national chairman of the "Salute to Eisenhower" dinners has made his curious insinuating statement that labor became a potent political force in America at about the same time as the rise of the Nazi Party in Germany; a member of the Cabinet has said that he doesn't "happen to go along with some of the 'goons,'" as he puts it, who are "running things"; and a Republican State chairman has proclaimed that labor leaders are "Marxist-Socialist bosses who are trying to take this country down a rathole."

This, I repeat, is a distressing and a dangerous brand of politics. This is divisive and therefore destructive. We in this country are just emerging from a long and shameful interval of hate and fear and slander. Today McCarthyism is out of style. But is a similar hate campaign in the making around distorted images of "goons" and "power-hungry labor bosses," ugly phrases we hear almost daily? Must the image of America be further defaced? Is this, indeed, an attempt to stir up class conflict?

No election, no office, is worth such a price.

Our highest duty these days is to say nothing in the political arena which will hurt democracy's chances among the people of the world. And the politics of hatemongering even blights democracy's future here at home among the people of America.

I say let us put an end to this and quick. And I am glad to note that voices of protest against these attacks have risen among our Republican friends. I even saw a headline as I was coming to New York the other day: "G.O.P. RANKS SPLIT OVER ASSAULTS ON LABOR." Well, the first part of that—"G.O.P. RANKS SPLIT"—was hardly worth a headline. After the divisions we have witnessed in the Republican Party over foreign policy, farm policy, McCarthyism and whatnot, it occurred to me, as I thought of this merger in the labor movement, that the next great merger of important, influential groups which this country needs most is a merger in the Republican Party.

• • •

Speaking of labor's public responsibility, I had an experience on Sunday at my home near Chicago. I was visited by a very intelligent South American, who seemed a little surprised when I told him that, while I had hopes, I didn't know how the 15 million union workers would vote in the next election, but that I was certain that a separate labor party in the European sense of a great political machine would not come out of this merger. I told him that labor was not a disciplined voting minority in this country, and that working people voted not on orders but on convictions, and I told him, too, that nowadays those convictions rested not on any separate status a man might have as a trade-unionist but on his status as a citizen with his own ideas about what is good for him and for his country.

That's the way it is, and I think that's the way it ought to be.

• • •

Now there are some who seem to think that America's hopes and aspirations have all been satisfied, that we have reached our goal, our end—that we have the twin blessings of peace and prosperity, and that all we need from here on is pep talks and platitudes. . . .

But whoever says that we have arrived at our goal, that this is the best of all possible worlds, convicts himself of the twin sins of complacency and ignorance. He must know very little about the unsatisfied wants—and about the dreams—of people. He must know little and care less.

Why, we've only just begun to live. And anybody who tells us we've already reached our promised land better

. . . Stevenson: "Many Taft-Hartley provisions" must be changed

get out of the way, because if he doesn't he's going to get run over.

Our greatest hope, our most consuming aspiration, is of course for peace, for peace with freedom, without which there can be no tolerable peace.

Since the disturbing state of the world has been discussed so ably and so recently by the distinguished Governor of New York, let me only say here today that it seems to me among the brightest promises of this new federation that the powers and resources of American labor for peace may now be even more fully mobilized.

• • •

. . . We must start from recognition of the bitterly ironical fact that in this age of abundance there remain today 30 million people in America who are still seeking freedom from want.

• • •

The question is not whether we are for or against prosperity. The question is whether we are for or against doing anything about the fact that 30 million Americans today don't have prosperity.

Some of you live in farming country. You know what has happened to farm income since 1952—and you know, too, what it means to business in your towns. I am glad that labor has joined fully in the demand for a new and adequate federal farm program.

Some of you live in the "depressed areas"—the textile towns, the coal fields, other areas where shortened work days and darkened plants have again become the rule, and where national statistics cannot hide or dull the miseries of unemployment.

• • •

And there is more to be done to improve our economic shock absorbers. Unemployment compensation must be extended and its benefits made more realistic. And, where industries work out guaranteed wage or supplementary compensation systems, these efforts should not be stymied by administrative or legislative roadblocks.

Yet the battle against insecurity is only half the battle for a better life. A full dinner pail is a necessity. But Americans have never lived by bread alone. We have lived by ideals and by moral values. And, in your new constitution, you list among our hopes and aspirations the "strengthening and extension of our way of life" and increasing the "dignity of the human individual."

What do these phrases really mean? Well, they mean that we want our children to grow up, not in ramshackle country shacks or in ugly city slums, but in decent surroundings, where they can see the sun and breathe fresh air.

They mean that we want our children to go to school, not in crowded classrooms or in basements or on half-day shifts, but in decent buildings with good teachers proud of their responsibility.

They mean that when our children are sick we want them to have decent medical care—and not suffer while the family hesitates because of fear of the bill.

When they grow old, we want them to have the decent security a life's work entitles them to.

Yes, and the strengthening of our way of life means, too, making more secure the rights of labor to organize and to bargain collectively—to make democracy work in the plant, in the shop, on the job, in people's daily working lives. The laws must be fair to all: to the workers, to the employer, and to the public. The so-called "right to work" laws do not meet this test. And there has long been agreement that many of the provisions of the Taft-Hartley Act are inequitable or unworkable. They must be changed or removed.

We must look ahead now to the handling of new factors in America's exciting economic future—to automation, to the peaceful use of atomic energy, to other miracles of progress just opening up. They must be used to increase the standard of living for the many, not just the standard of luxury for the few—to produce more leisure and not more unemployment. It will take careful planning, much more than there has been so far, to see to it that progress pays off in time—time for all of us—time to enjoy the really good things in life.

MITCHELL: UNIONISM WILL AID THE SOUTH

Following are extracts from an address by Secretary of Labor James P. Mitchell to the AFL-CIO convention in New York, Dec. 6, 1955:

MR. MITCHELL

As you know, I have always been in favor of the uniting of the AFL and the CIO. I have not hesitated to say so, both publicly and privately: to any rank-and-file union member I might meet at a local meeting or to the President of the United States. I have said it to businessmen, some of whom have expressed alarm and hostility about the merger.

I have never flagged in my conviction that unity is in the broad public interest. In point of fact, I want to tell you here today that I am in favor of more unity.

• • •

You know that when I talk about unity I mean the unity of legitimate, bona fide, American-minded unions. But because what I am saying here may be heard or read by others, I must make it explicit that I know that you want no fellowship with organized rackets or Communist organizations which use, and thereby debase, the name of unionism. On the contrary, one of the virtues of unity, as I can see it, is that it will isolate, and I hope destroy, the leadership of those so-called unions which prey upon their members, employers and the community. They exist for either the financial gain of dishonest and unscrupulous men or for the equally dishonest and unscrupulous ends of subversion.

The AFL-CIO must hold them deadly enemies.

Now, what are some of the things for which the increased strength of labor which unity brings should be used? It will surely bring the benefits and protection of unionism to more of our working people. It will surely make clearer and more emphatic the voice of labor in the field of public affairs. I welcome both these developments. Both, if I may say so, will help me personally in my job and responsibilities.

You know, the law which establishes a Secretary of Labor in the Cabinet of the President of the United States directs him to "foster, promote and develop the welfare of the wage earners." As unionism penetrates into the lower-paid areas of our economy—into the South and into the sweated, exploited trades—it can very effectively "foster, promote and develop" those interests which federal law makes my concern.

(Continued on page 134)

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. . . Mitchell: Merger offers "greater labor-management peace"

I believe that this great federation will make it able to do a more effective job in serving the welfare of its members and the nation as a whole, in bringing the benefits of trade-unionism to those not now enjoying its protection and advantages, and in making for greater labor-management peace between responsible unions on the one hand and responsible management on the other.

I believe that labor's voice in public affairs should be heard loud and clear. I believe that as American citizens you have a duty and responsibility to make your voice heard.

The leaders of this organization have stated clearly that they do not intend to try to control the votes of union members. They have stated that labor does not intend to create a powerful economic pressure group or political pressure bloc. They intend instead to keep their members informed on all issues affecting the electorate, especially those affecting workers.

No one can object to that kind of political activity. Everyone should applaud and encourage that kind of political action.

And as united labor speaks out on public questions, I look for its continued support of the principles to which I have so long subscribed.

These principles constitute a philosophy which believes in a strong, united labor movement;

A philosophy which has brought an increase in the minimum wage;

Which has tried, so far unsuccessfully, to extend the coverage of the minimum wage to the millions who need it so desperately;

A philosophy which supported and secured an extension of unemployment insurance to 4 million more people and an extension of Social Security to 10 million more;

Which supported and worked for improvements in State workmen's compensation, unemployment insurance and other labor-standards laws; a philosophy, indeed, which obtained more action in this field than has occurred in 20 years;

It is a philosophy which supports the International Labor Organization as an instrument for raising the world's living standards;

A philosophy which cannot countenance discrimination based on color, creed, or race;

And a philosophy which holds it a mistake for States to rush heedlessly into the passage of so-called "right to work" laws.

I look for your continued agreement with this philosophy.

How else do I look for important support from a united labor movement? I look for it in maintaining, extending and increasing our prosperity as a nation—a state of affairs in which the workers of America have a vital stake.

The situation which confronts your new organization is indeed very different from those hard days of the 1930s which I am sure you remember as clearly as I. Today, you emerge united after struggle, and you find yourself in a very different America.

It is an America where 65 million men and women have jobs;

It is an America where the average factory worker makes more money than ever before—$78.69 a week. And he is able to buy more for himself and his family than ever before because his pay check is not being reduced by inflation.

This is a stable America in which people are confident, industry expanding, production increasing; an America which for the first time in many years is operating on a sound fiscal basis with a balanced budget in clear sight.

In bulwarking our prosperity as a nation and ensuring that all of our people, the very humblest and weakest among them, enjoy its benefits, labor-management relations play a large part. I look to the new unity in the labor movement to bring improvements in our union-management relations. If it does not, it will have failed to rise to what may very well be its greatest challenge.

HARRIMAN: "GOVERNMENT PACKED WITH ANTILABOR MEN"

Following is an extract from an address by New York's Governor W. Averell Harriman, to the AFL-CIO convention in New York, Dec. 6, 1955:

MR. HARRIMAN

The AFL-CIO now joined together is not just an addition of your separate strengths—it is a multiplication of your strength for carrying on those causes to which you are now rededicated. Your responsibilities are great, and so are your opportunities. I know that you are going to fulfill the great promise of this marriage.

Unhappily, there are people in high places who don't like your marriage. Of course, these are the same people who didn't like you when you were single. It's not like when people, disapproving of a marriage, shake their heads and say, "No, it won't last." What these enemies of American labor fear is that this marriage will last. And at this very moment they are plotting, and carrying on, a powerful and systematic attack designed to weaken the influence of labor in American life.

This attack is a triple-threat attack. In the Federal Government, they have packed the administrative agencies with men who are antilabor. In the State legislatures they are turning out union-busting laws wherever they can. And then, to make it impossible for labor to fight back, they are attempting to strip labor of its political rights, to split labor and the public, and to drive a wedge between labor and its leaders.

Who are the men who really carry weight in the Federal Administration? They are not men like Marty Durkin, who is so much in our thoughts today. You know what happened to him when he tried to make good on President Eisenhower's promises to labor. Of course, there are still men in the Administration who have a sympathy for labor. But look behind the window dressing, and whom do you see?

You see the man who, some years ago, because of his antilabor record, was chosen to make the windup speech in the House in support of the Hartley bill—a measure even worse than the final Taft-Hartley Act. Who is he? The Vice President of the United States.

You see "Bird Dog" Wilson.

You see a man whose automobile agency in Oregon has been advertising for strikebreakers, as you machinists know. That's the Secretary of the Interior.

We thought we'd seen the end of men being shot down on the picket line, but it happened just a few weeks ago in Indiana. And who had been a principal officer of the company

(Continued on page 136)

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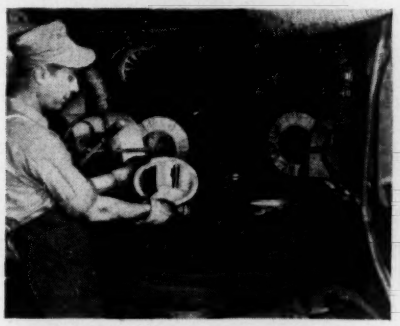

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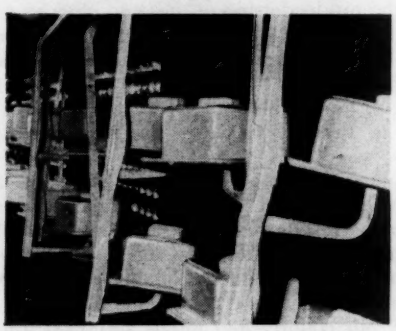

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. . . Harriman: "It is up to labor to make its voice heard"

concerned before he was called to Washington? The Assistant Secretary of Commerce.

Is it any wonder that the NLRB [National Labor Relations Board] has been turned over to men with long antilabor records? Or that these same men have tried to use the Taft-Hartley Act to bust unions, as they did a few days ago in the case of a UAW [United Auto Workers] local in Indiana?

You remember President Eisenhower himself said the law ought to be amended so that it could not be used to bust unions. But it wasn't, and now his very own appointees are using it that way. It's high time we quit talking and eliminated from law the injustices of Taft-Hartley.

I never thought we'd come back to the antiunion attitude that would permit a trade-union to be prosecuted for interviewing a political candidate on a news program. Well, the UAW was recently indicted for that—by action of the Attorney General of the United States.

And, just the other day, the rise of the trade-unions in the United States was compared to the rise of the Nazi Party in Germany. And who do you suppose did that? He's the national chairman of the "Salute to Eisenhower" dinners—dinners in honor of the President of the United States! I don't think any of you in this armory would want to sit at the same table with him!

Is Mr. Crawford so biased that he doesn't know that one of the strongest bulwarks against both Communism and fascism has been the free trade-unions?

All these men know that, if labor can be stripped of its political rights, its economic rights can be destroyed as well.

But we are not going to let them get away with it. We will never permit labor to be forced to sign a political yellow-dog contract. My party may not represent the majority of the corporation presidents in this country, but we do represent the majority of the American people. And once the American people understand what's at stake, they won't stand for it.

We need more, not less, participation by working men and women in American political affairs—because you and I know there are a lot of things to be done.

A fundamental thing we have to do is to continue to expand our economy. We have a growing labor force, with a rapidly increasing productivity, which will be still further heightened by automation. I am convinced we can—taking 1954 as a base—increase our total national output by 50 per cent in the next decade.

This is a glorious opportunity to improve living conditions for all of our people. And it is also a necessity. If we don't increase our total production and consumption at such a rate, we won't use all of our manpower—and that would mean built-in unemployment, with all the unhappy consequences.

To get this expansion, we must have wise and progressive national policies. It is up to labor to make its voice heard to make sure we have such policies.

One thing we must do is see to it that every group in the population shares in our progress. It is your job to see that labor's ability to produce is paralleled by its ability to buy.

If we all don't advance together, then those that lag behind will drag down everybody else. And, right now, all groups are not advancing together. Big business is prospering, but small business is not prospering to the same degree. And, most serious, there are hard times again on the farms all over the country.

Farm income is over 25 per cent below three years ago. The average dairy farmer in the State of New York got 51 cents an hour last year for his labor. That is not right for the farmer. And it is a threat to the well-being of everybody else. This agricultural recession simply cannot be permitted to continue.

I salute organized labor for its understanding of this, and for the way it has been and is battling for the right of the American farmer to have his fair share of our national income. I wish others were as farsighted as you men and women here.

STASSEN: DON'T LET UNION HEADS DICTATE VOTING

Following is an extract from a statement by Harold E. Stassen, the President's Assistant on Disarmament, to the Detroit Economic Club, Dec. 5, 1955:

MR. STASSEN

Let me state my view in these terms: I consider that the most important single necessity for the future economic success of America, with an inseparable relationship to a secure and prosperous peace, is that the working men and women of America should reach independent political conclusions, and not be dominated or dictated to by either the presidents of unions or the presidents of employer corporations.

Unfortunately, the top leadership of a number of the large labor unions in the United States have become excessively politically minded, and are currently endeavoring to use their union leadership to marshal a large volume of votes to be decisive of the results in States and the nation.

I foresee that the merger of the AFL and CIO taking place today will speed up this political effort. This is a dangerous trend for the future well-being of the workers and of the nation as a whole.

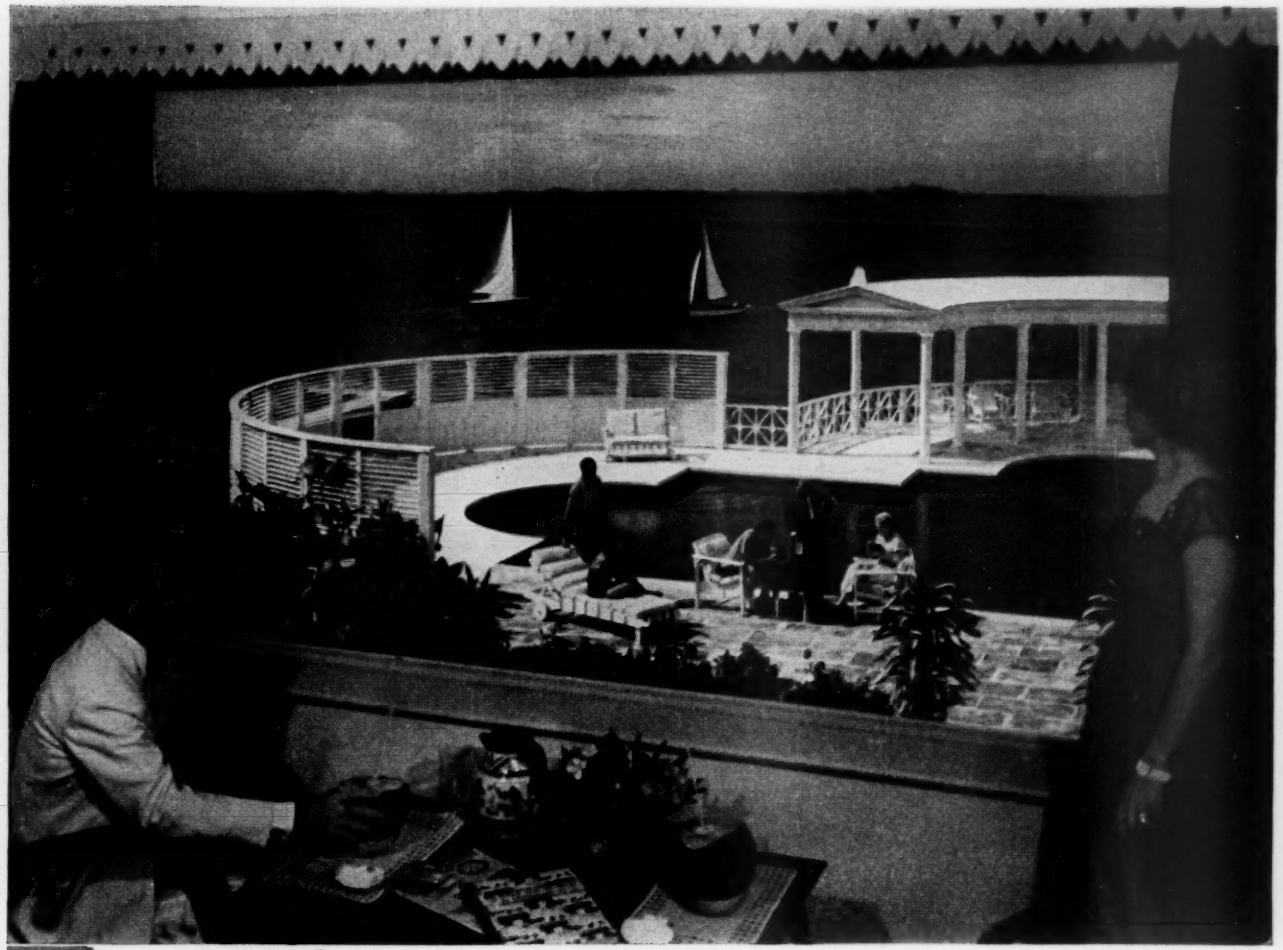
During these past three years the auto workers and their families have had the best three years of their lives. With the nation at peace, they have had a rising wage without inflation, improved Social Security, and a very high level of employment. Take-home pay is higher, and the market basket is heavier. The opportunities of their children are the best ever.

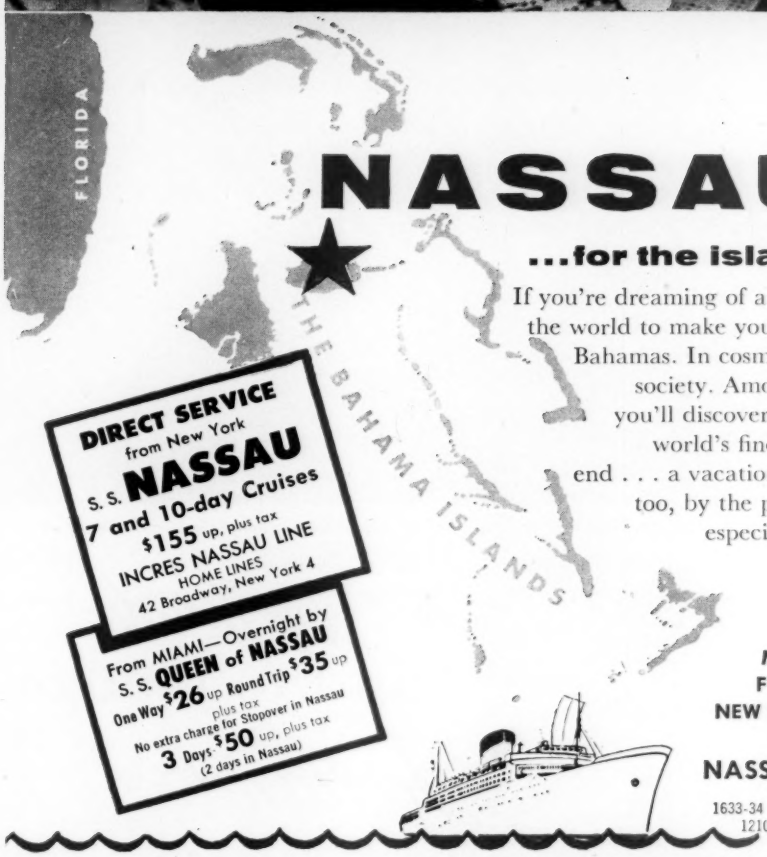
Yet this has occurred under economic policies of an Administration which the top leadership of the auto workers tried desperately to defeat in 1952. It occurred under economic policies which that same top leadership of the auto workers will try to reverse in 1956.

Nine out of 10 of the families of all of the workers of America have had in these three years the best three-year period in their lives.

The future of America and the outlook for a secure and prosperous peace will be bright if the individual American worker and his family reach their own individual political conclusions, changing from party to party and man to man on the basis of the results achieved and the quality of leadership.

On such a course there is ground for solid optimism of the long-term success of our country and for its sustained leadership toward a secure and prosperous peace for ourselves and for others.





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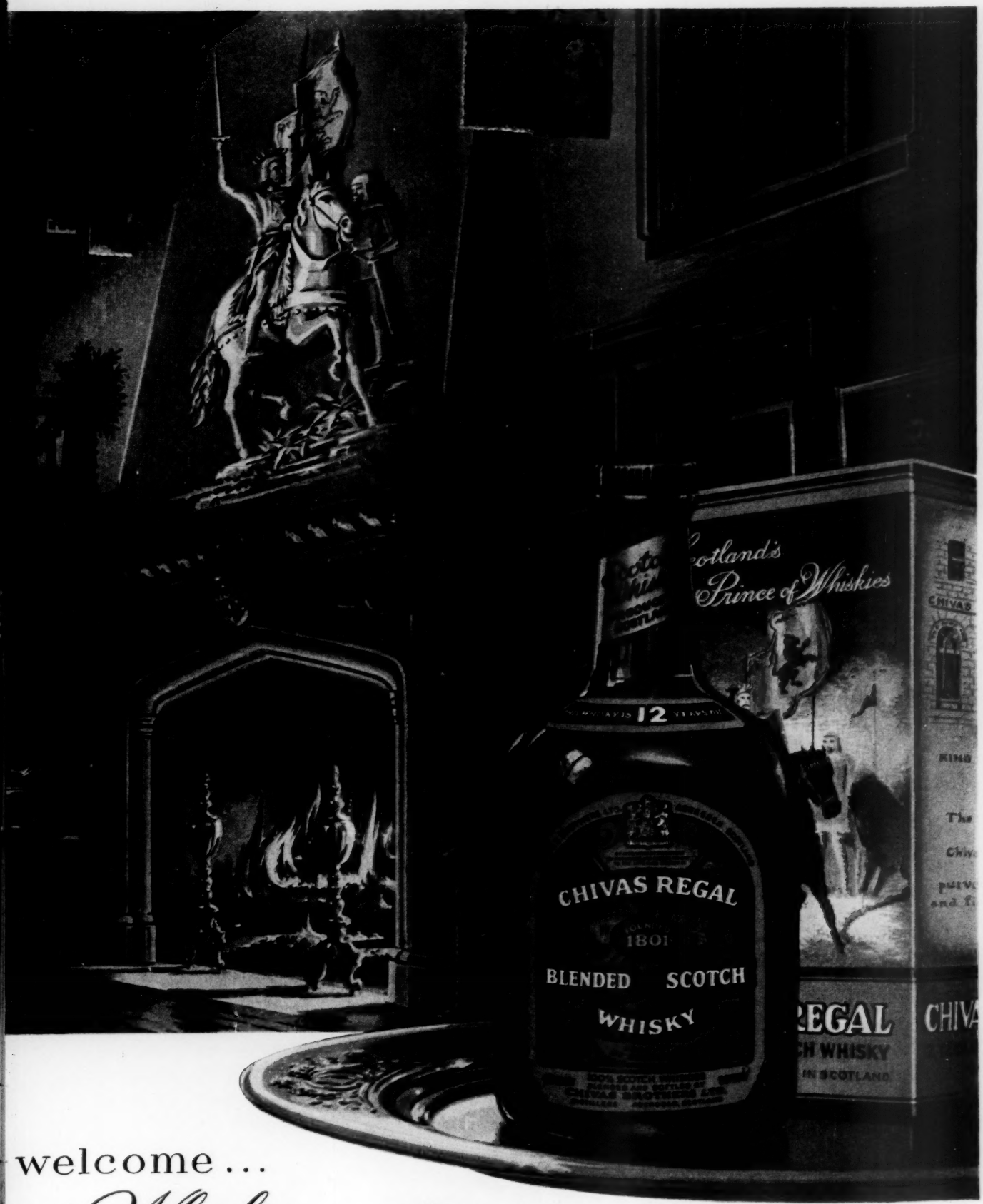

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Business Around the World

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>> France's hothouse economy will soon have to adjust to blasts of cold air from the outside world. Business experts in Paris see a cold front coming.

A sharp drop in U.S. aid, in easy dollars, will have a chilling effect.

French businessmen realize a critical period is ahead. Elections just add another uncertainty, although business circles tend to ignore politics.

What the French experts have their eyes on is this:

The insulation from stiff foreign competition which has allowed French industry to enjoy a record boom will be wearing very thin next year. Ever since the war's end, the main protective covering for the French economy has been U.S. aid, military spending, offshore procurement. This added up to about a billion dollars during 1955. But, next year--1956--the inflow may be cut in half.

>> Thanks largely to U.S. dollars: French industry has rebuilt, modernized. Budget deficits have been eased. Gold, dollar reserves have grown fat.

Dollar inflow for years has exceeded France's heavy deficit in ordinary trade with the U.S. So, dollars by the hundreds of millions have been added to French reserves of gold and dollars, especially in the last year or so.

Reserves--of nearly 2 billion dollars--rival those of the sterling area. They are so large that France, this month, is making prepayments against U.S. and other dollar debts for a total of more than 136 million dollars.

>> In addition.....U.S. dollar aid has allowed France to stall on lowering barriers to imports from European competitors. And, even where tariffs have been cut, "compensation" taxes are levied to bring prices up to the French level.

On the export side.....Most French exporters get tax concessions so they can bring their export prices down to competitive levels.

France's neighbors in Europe, meanwhile, have in most cases reduced their tariffs or quotas to the benefit of French exports. Result: France will have a big trade surplus with West Europe for '55, adding more gold to French reserves.

>> Now there's pressure in Europe to make France toe the mark--admit more imports, cut export subsidies. Squawks of French industries anticipating stiff competition can already be heard. Louder squawks will be heard next year, when pressure from France's neighbors coincides with a reduced inflow of dollars.

France, during 1956, will have to face the cold facts of economic life.

>> London is feeling better about Britain's gold and dollar reserves.

Drain on reserves seems to be ending.

November drain was only 14 million dollars. That's well below losses of 48

(over)

million in October, 112 million in September.

For all of 1955, net decline in British reserves may total around 670 million dollars. That's quite a contrast to net rise of 244 million in 1954, but London agrees the 1955 decline has probably come to a halt.

Reserves, as of January 1, will thus be about 2¼ billion dollars.

Main thing is that the drain has about stopped. In consequence, confidence in the pound sterling seems to have returned. Sterling is showing strength.

>> Britain's credit squeeze, on the other hand, is showing mixed results.

Bank deposits are being forced down, sharply reversing the 1954 trend.

Auto sales are also down, despite record production. Auto dealers say the requirement for a one-third deposit has effectively reduced sales.

But TV sets show booming sales--282,000 in October, easily a record.

What may be more significant.....Steel, 10 months after credit squeeze began, is very short. Industry still gets credit with which to hoard steel. Housing starts are increasing, despite the credit squeeze.

On top of all this, general wage increase of at least 5 per cent is likely.

Labor and management are still behaving as if inflation is not really much of a problem. Crisis of some sort may be inevitable in a matter of months.

>> Soviet plans to invade Western markets in a big way are becoming known in considerable detail in Berlin. As these Soviet plans now stand.....

Production for export is getting priority in satellites, by Moscow order. Integrated exports have been agreed to. For example: Soviet Russia will export heavy farm machinery. East Germany, Czechoslovakia are to export light types of farm machinery. Poland, Hungary, Rumania will produce just for Russia.

This is according to a plan agreed to in Moscow last month.

>> Moscow's plan for East German industry is intended to win world respect and diplomatic recognition for East Germany as "independent." Accordingly.....

India is being offered East German help in building small-scale industrial plants, in developing brown-coal deposits. Egypt is offered a whole shelf of industrial projects involving East German technicians. Big subsidies, amounting to billions of East German marks, are employed to underbid Western competitors.

Czechoslovakia's export drive is also according to Moscow's plan.

Czech exports to Middle East, 6 per cent of Prague's total last year, are running 10 per cent this year. Egypt, besides buying arms from Prague, has given the Czechs an order for a shoe factory and one for construction of a Nile bridge. Afghanistan--with a credit of 5 million dollars from Prague--is buying Czech equipment for cement, textile and leather-processing plants. Syria is getting Prague to build a refinery. Lebanon may give a harbor job to Prague.

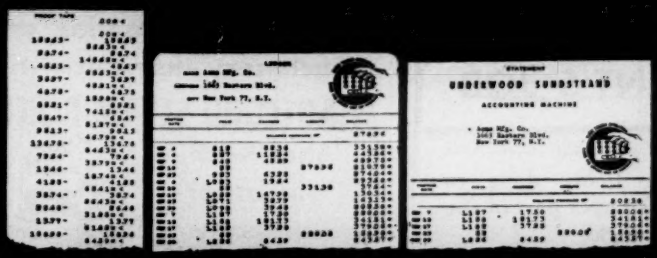
India has ordered 2,050 railroad cars, 50 locomotives from the Czechs.

Czech products, at 10 trade fairs in '54, showed up at 30 in 1955.

Moscow, when it talks of invading the West's markets, isn't fooling.

>> Communist China is pushing exports, too. Target: Southeast Asia. Consumer goods are showing up in key Asian cities. Hong Kong is used as the outlet. Low prices undersell even Japanese goods. Variety is surprising--bicycles, radios, fountain pens, sewing machines, clothing. Quality is higher than expected.

Volume, so far, is small, but propaganda impact on Asia is considerable.



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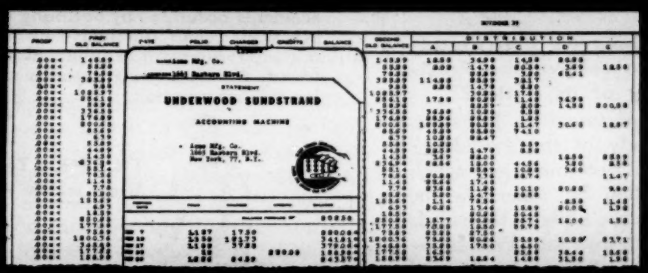
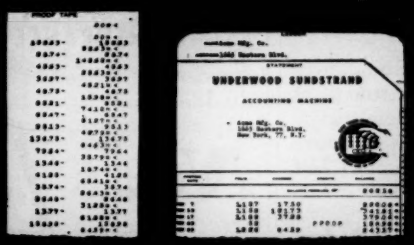


2. Collated Statement and Ledger with Journal Distribution



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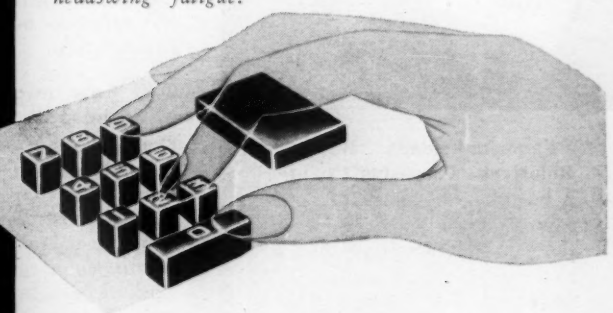

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ABOUT EASING PRESIDENT'S JOB

- **Is anything being done to let others take over part of the President's work?**
- **Government lawyers are now trying to find out how this can be accomplished.**

Is President Eisenhower's illness leading to plans to relieve the Presidency of many of its duties?

Yes, it is. The Department of Justice is now making a study of the President's powers and duties to determine just which ones can be handled by others in the Government. There are literally thousands of tasks performed by the President—including the signing of great numbers of papers and documents—that might be done by others, legal specialists say.

Is it felt that President Eisenhower might be more inclined to run again if his job is eased?

That is the belief of some Eisenhower supporters. Officials at the Department of Justice insist, however, that their survey is aimed at relieving the burden of future Presidents, as well as of the present Chief Executive.

Would new legislation be needed to accomplish this?

In some cases, present laws would have to be changed; in others, it is felt that delegation of presidential duties can be accomplished without any legislation by Congress. No constitutional amendment is being considered. The over-all duties of the President would remain the same as originally specified by the Constitution.

Just how might the President's job be eased?

One important step would be to reduce the number of congressional bills that he must sign. No one but the President can sign his name on an act of Congress to make it law. But it would be possible to do some of the things now accomplished by acts of Congress without having Congress pass—and the President sign—laws.

Take, for example, a case in which a foreigner is excluded from the U. S. under present law. Congress passes a special bill to admit the alien. There usually are several hundred of these acts a year and each must be signed by the President. A way

(Continued on page 145)

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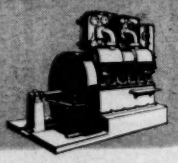

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is being sought to let the Immigration Service handle these cases without action by Congress or by the President.

Can other bills be eliminated?

Yes. For instance, there now are a number of bills each year settling private claims against the Government. The Department of Justice would like to have more of these claims handled by the Court of Claims, thus eliminating work by Congress and the President.

Must the President sign all appointments?

He must sign many of them, including some of the less important ones. Some require two signatures. When the President sends a nomination to Congress, he signs it. Then, after Senate confirmation, he signs the actual appointment. That signature of the President on an appointment or commission makes a nice souvenir for the official's office. But it takes a lot of pen work by the President.

The plan under consideration would let the Chief Executive sign a long list of appointments or commissions at one time, with perhaps one or two hundred being handled with one stroke of the pen. These could include designations of such officials as federal district attorneys, U. S. marshals, members of boards and commissions and others.

Can the President be relieved of other duties?

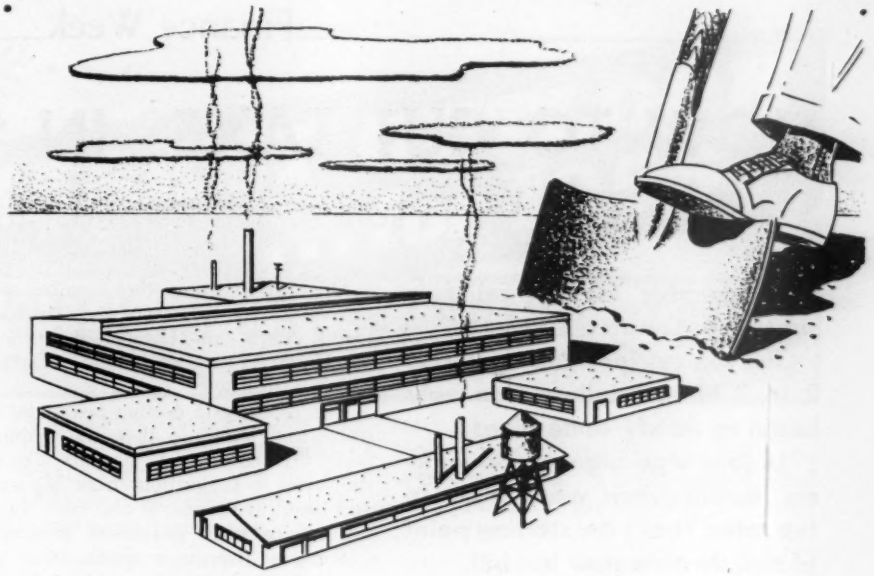
Yes, in many cases. For example, if the Marine Band wants to take a tour, the authorization must be signed by the President. Marine Corps Headquarters could do this.

Can't a rubber stamp be used for the President's signature?

No. White House officials say that would not be legal. And no one else can sign the President's name to official papers and documents.

Haven't some powers already been delegated?

Yes. Observers point out that Harry S. Truman, when he was Chief Executive, got rid of numerous chores by assigning them to the Secretaries of Interior and Treasury. A law passed in 1950 gave the President more freedom in delegating functions to Cabinet members and others, and much work has been shifted to others under that law. Government officials, acting under this delegation of power, sign their own names to orders. But, technically, the President is responsible for their acts. It now is felt at the Department of Justice, however, that the President's office can be stripped of even more burdens.



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HOW TO CUT TAXES IN '56

Lots of Ideas—and Clashes on Who Is to Benefit

A scramble for tax relief is starting in Congress.

The tax cut for 1956—perhaps 2 to 3 billion dollars—can only begin to satisfy some pleas.

Unions urge big cuts for workers. Businessmen want a cut in top rates. That's the starting point of debate on a new tax bill.

A tax cut next year, no matter how Congress arranges it, will leave many taxpayers feeling mistreated.

That is what legislators are learning as they wade through a stack of advice on how and where to change taxes. The study has been taken up by a joint House-Senate subcommittee under Representative Wilbur D. Mills (Dem.), of Arkansas.

Mr. Mills and one other member of the six-man group—Representative Thomas B. Curtis (Rep.), of Missouri—also serve on the House Ways and Means Committee, which writes taxes.

The problem in cutting taxes, the subcommittee finds, is that the public is badly divided on what it wants. The split shows up in suggestions from big unions and business groups. It also runs through the advice from university economists.

Some of the major conflicts are summarized in the chart on this page.

Congress expects to cut individual income taxes in 1956 and wants to know whose taxes should be cut. One group of advisers says present taxes are unfair to the low-income group; another says the well-to-do are the ones unfairly treated.

There is pressure to cut taxes on business. Again, one group of advisers says business is doing all right now. Another feels business needs the incentive of lighter taxes.

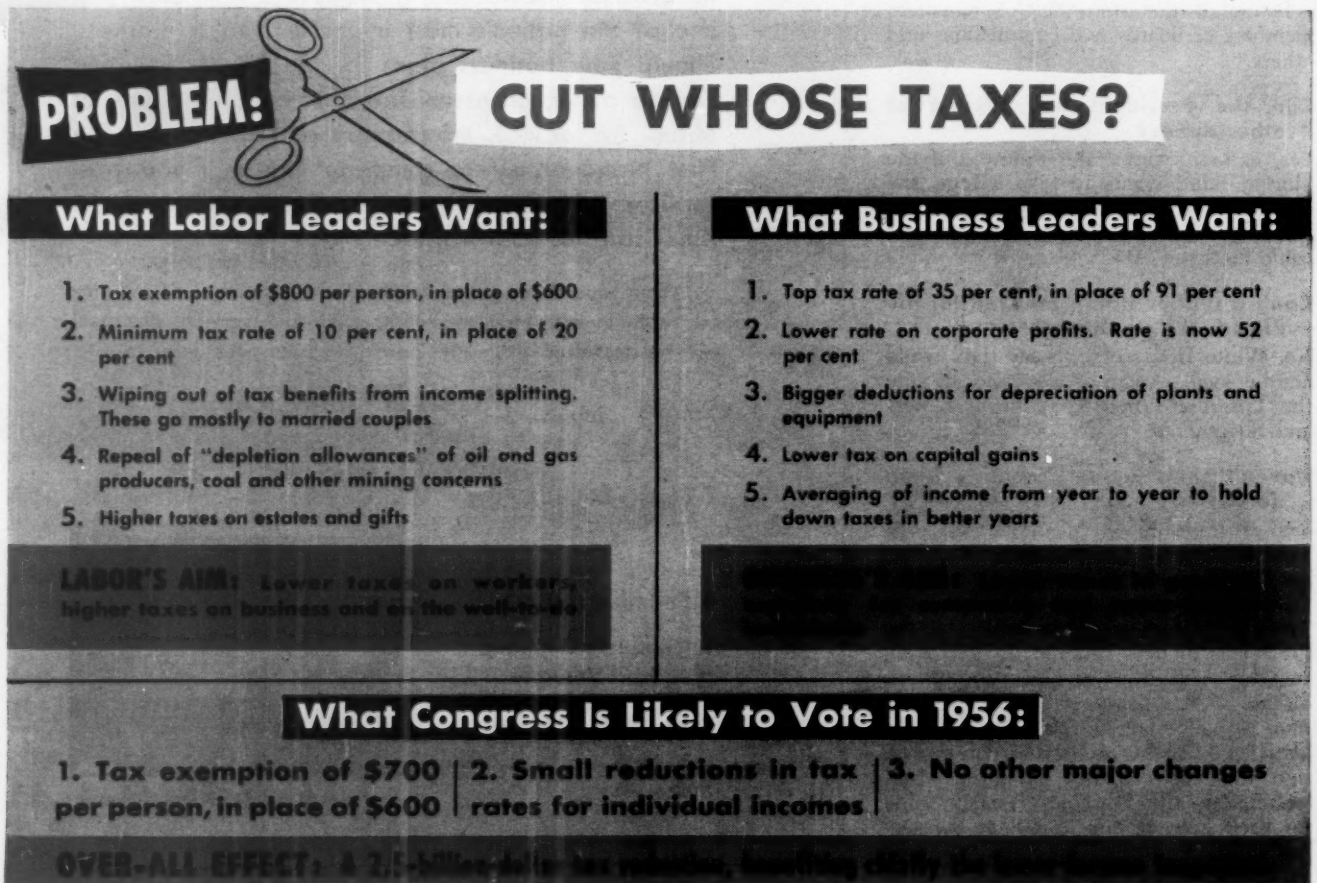
For workers: what? The hottest question is how to give tax relief to the tens of millions of individual taxpayers. Here the chief split between unions and business groups becomes clear.

According to union officials, taxes today are too hard on workers and low-income families generally. This will prevent the great mass of consumers from buying all the goods expanded industry can produce, it is said. Thus a recession will develop, the labor men warn.

That is the background argument for cutting taxes of the lower-income group.

A proposal of the CIO, offered shortly before its merger with the AFL, is to increase personal exemptions by "at least" $200, from the present $600 per person. This means a married couple with two children and an income of $3,555

(Continued on page 148)


PROBLEM:
CUT WHOSE TAXES?
What Labor Leaders Want:
1. Tax exemption of $800 per person, in place of $600
2. Minimum tax rate of 10 per cent, in place of 20 per cent
3. Wiping out of tax benefits from income splitting. These go mostly to married couples
4. Repeal of "depletion allowances" of oil and gas producers, coal and other mining concerns
5. Higher taxes on estates and gifts
What Business Leaders Want:
1. Top tax rate of 35 per cent, in place of 91 per cent
2. Lower rate on corporate profits. Rate is now 52 per cent
3. Bigger deductions for depreciation of plants and equipment
4. Lower tax on capital gains
5. Averaging of income from year to year to hold down taxes in better years
What Congress Is Likely to Vote in 1956:
1. Tax exemption of $700 per person, in place of $600
2. Small reductions in tax rates for individual incomes
3. No other major changes

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. . . AFL's and CIO's plans on tax cuts differed

would pay no federal income tax; at present they pay on about $800.

Thus the smallest taxpayers would have their taxes wiped out, under the CIO plan. Big taxpayers would benefit too, but the cut for them would be only an insignificant fraction of the huge taxes they are paying.

The $200 increase in exemptions would mean about 4.5 billion dollars' worth of tax relief, with the great bulk being saved by the low-income group.

The AFL before merging with CIO offered another idea for helping the low-income group. It would tax the first $500 of taxable income—after allowing for exemptions and deductions—at 10 per cent, and $1,500 after that at 20 per cent. At present, the 20 per cent rate falls on all taxable income up to $2,000.

If the AFL plan were adopted, a man paying a tax of $100 would have it reduced to $50, a saving of 50 per cent.

The big taxpayer would get a similar cut in tax on his first $500 of income—or his first $100 of tax—but it would mean little to him in relation to his whole tax burden.

The executives' view. When the business groups tackle the problem of individual taxes, they see it from an entirely different viewpoint. They are worried chiefly about high tax rates—up to 91 per cent—paid by successful officials and executives on those portions of their incomes falling in the top tax brackets. To them, the initial 20 per cent rate, which is all most taxpayers pay, looks low.

The high rates, the business groups say, discourage investment, lower the incentives of talented business managers, and, in the long run, will tend to keep business from going ahead the way it should. Hence, it is said, the most important thing in cutting taxes is to lower the high rates.

The National Association of Manufacturers is urging a plan to reduce the top rate of 91 per cent to 35 per cent over a period of five years. The organization says tax revenues actually will increase during the period—because of prosperity and national growth—more than enough to offset the cut. So, NAM argues, the federal budget would not be hurt.

Two other business groups—the Chamber of Commerce of the U. S. and the Committee for Economic Development—also are urging reduction of the rates on middle and upper incomes, though they have not come forth with specific plans.

Other proposals for helping the larger taxpayers are not pressed so uniformly by all business groups.

Two organizations—the Chamber of

(Continued on page 149)

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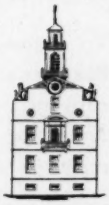

ROBERT W. LADD,
Secretary

200 Berkeley Street, Boston

. . . Stock Exchange wants relief for capital gains

Commerce and the New York Stock Exchange—are anxious for Congress to lighten the tax on long-term capital gains. The other business groups do not seem to be pushing as hard for this kind of relief.

On this there is another split between labor and some of the business spokesmen. The question is whether the present tax on capital gains is, as the Chamber contends, one of the "impediments to new investment."

The law says that gains from sales of investments, such as stocks or real estate, held for more than six months shall be treated in a special manner. Only half the gain is taxed, and the maximum rate on this portion is 50 per cent.

—Costello in the Albany Knickerbocker News

"LOOKS PROMISING—WE HOPE!"
. . . but not for everybody

The Stock Exchange would have the six-month period shortened and the tax applied to 25 per cent of the gain, instead of to half. The labor spokesmen, on the other hand, say this kind of income already is overly favored; they think the holding period should be lengthened and the amount of tax increased.

New type of relief? Growing interest in a new form of tax relief is being shown by business and also by economists whose views on tax policy are in line with those of the unions. The idea is that Government should take greater account of fluctuations in a man's income when deciding how much tax he owes.

These groups call it unfair that a man who has gone through lean years, in which he had little income to tax and perhaps did not even need all his exemp-

(Continued on page 150)

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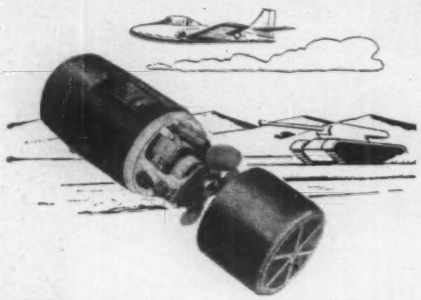

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. . . Slice corporation rate to 35%, manufacturers urge

tions, should suddenly find himself faced with a heavy tax in a good year.

The result of the present system is that an individual who goes through a series of ups and downs may pay more tax than someone who, over a period of years, earns the same amount of money but does so at a steadier pace.

Businessmen complain of this problem. And some economists point to it as a special burden on farmers and workers.

Thus, Congress is getting much advice to "average" taxes over a period of years. But so far there is no agreement on a plan that would be practical.

Corporation rates. When it comes to taxing business, the conflict over policy is especially heated.

Business groups say the tax rate on income of corporations—52 per cent for most big companies—is too high. The Committee for Economic Development favors a reduction to 50 per cent this coming year. The NAM would cut the 52 per cent rate to 35 per cent, in its five-year plan. The Chamber of Commerce also wants the corporate tax reduced right away.

Business groups bring up additional ways they think the corporations' tax load should be lightened. They would give companies more refunds in bad years for taxes paid in previous good years. They would wipe out taxes on dividends that companies receive from subsidiaries.

Just about all business-sponsored ideas would reduce someone's taxes. The labor men are not so openhanded. Their plans involve big increases for taxes on business and on many individuals, to offset the tax cuts favored for workers. The proposal for a heavier tax on long-term capital gains is just one example.

Union officials think individuals in the middle and upper brackets of income get too much benefit from the income-splitting provisions of the law. These allow married couples and certain heads of households to calculate their tax on the basis of the rates applicable to half their income.

According to the AFL, this benefit should be wiped out by a new, heavier schedule of tax rates for people who figure their tax on a split-income basis.

Special deductions, known as "depletion allowances," for companies and individuals getting income from mines, quarries and gas and oil wells should be abolished, the AFL also believes. Union men are attacking tax credits on dividends.

How experts divide. Supposedly impartial experts don't give any unanimous advice on these conflicts.

(Continued on page 151)

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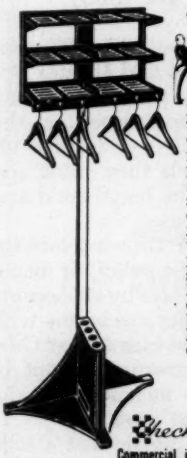

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. . . Big taxpayers unlikely to get much help

One university economist warns against upsetting the depletion allowances. Others agree with the unions that these allowances are too liberal. A Harvard professor feels the high tax rates on individuals are not "diminishing incentives." Another economist, from an organization that collects business information, feels a "significant reduction in the high upper-bracket tax rates" is called for.

The upshot is that Congress is likely to rely heavily on its own experience and political judgment, rather than on economic theory, in deciding how to work out the tax cut.

This means that tax cuts for the great mass of individuals are to get priority over relief for corporations. Levies on big taxpayers are not to be reduced very much, the legislators predict.

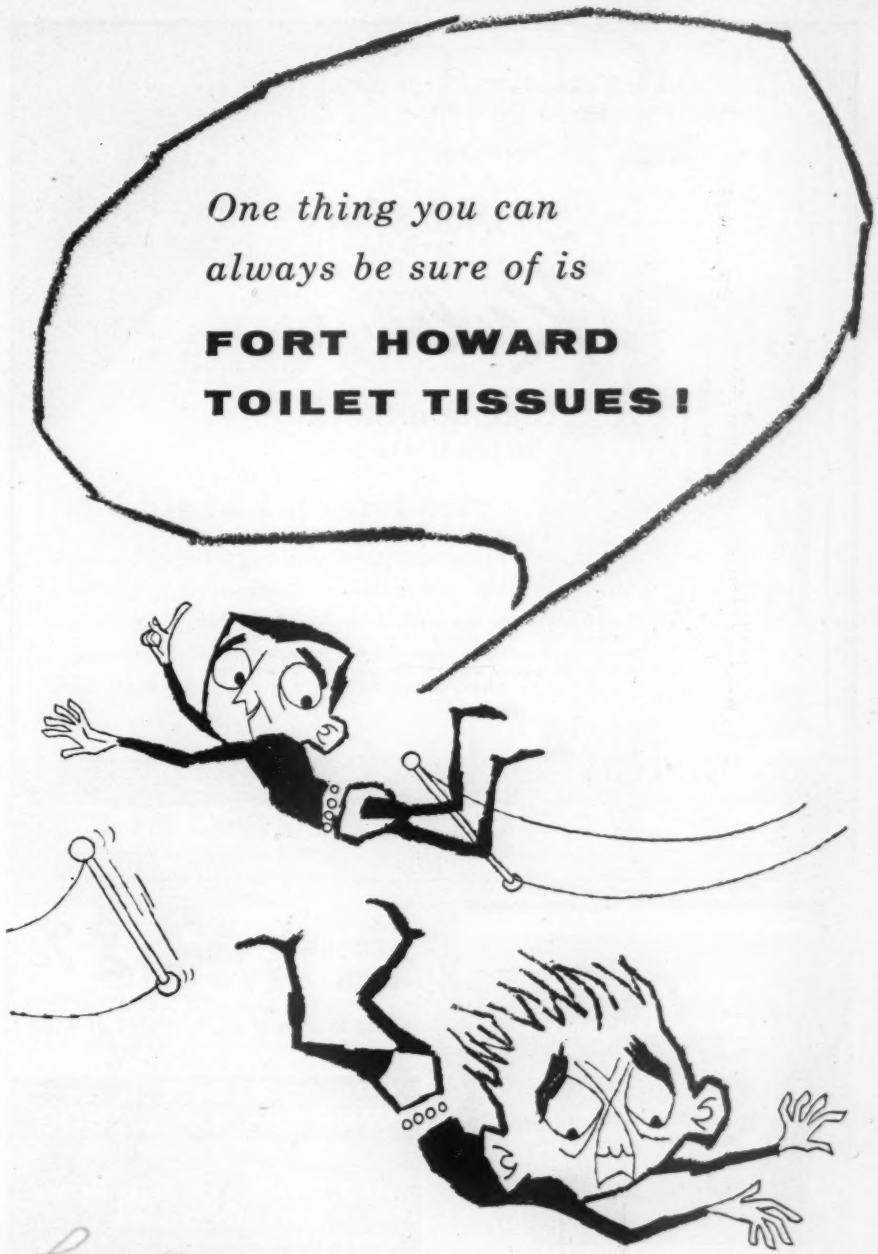
With only a few billion dollars for tax relief to give out, Congress will be able to answer very few of the pleas for relief.

› Treasury problem. Federal Reserve policy of encouraging higher interest rates is making it harder for the Treasury to borrow. More than the usual number of investors are taking cash, instead of new Government securities, when the securities they hold mature. They then use the cash for loans to business and for other investments.

That tendency showed up when the Treasury offered new securities, with the highest interest rates in more than two years, to holders of 12.2 billion dollars of maturing issues. About 847 millions' worth were turned in for cash, a good deal more than expected.

› Cheaper loans. A labor-organized bank is bucking the trend toward higher interest rates on loans to consumers. A reduction in the charge on personal loans is being made by the Amalgamated Bank of New York, founded in 1923 by the Amalgamated Clothing Workers of America and headed by the union president. The bank has more than 55 millions in deposits.

› Money for roads. Senator Edward Martin, of Pennsylvania, ranking Republican on the Senate Public Roads Subcommittee, urges tax increases to help pay for the President's 101-billion-dollar program for highways. Voters show they don't like the idea of paying for such programs with bond issues, Mr. Martin says. He proposes an increase in the federal tax on gasoline from 2 cents a gallon to 3 cents, a new federal-license fee on trucks and buses, and an increase in present rates on tires and tubes.



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NEWS-LINES

WHAT YOU AS A BUSINESSMAN ☑ CAN and ☒ CANNOT DO

as a result of recent court and administrative decisions

☑ **YOU CAN** legally set up a ***pension plan*** under which the amounts paid to your retired workers will be reduced by the amounts they receive in Social Security benefits. A federal district court holds that it is legal for a pension plan to subtract all or part of amounts received from Social Security for retirement in figuring pensions of retired employes.

* * *

☑ **YOU CAN** perhaps get a State court to put a stop to ***mass picketing*** at your plant even though there has been no test to determine whether violence, coercion or intimidation would result if attempts were made to cross the picket lines. The Pennsylvania Supreme Court rules that mass picketing should be enjoined even though no such test has been made.

* * *

☑ **YOU CAN** probably keep a city from condemning your land for a possible highway at some future time. A State supreme court forbids ***condemnation of land*** where the highway project is still in an undetermined and visionary stage.

* * *

☑ **YOU CAN,** as owner of a ranch where your farming efforts have proved unprofitable, treat as ***capital gains*** your profits from sale of the land in the form of building lots and small farms. The Department of Justice announces that it will not ask for review by the Supreme Court of a lower-court ruling that a ranch owner may treat such profits as capital gains for income tax purposes.

* * *

☑ **YOU CAN,** where a house is built for you and sold to you at less than the actual cost, avoid paying an ***income tax*** on the amount that you save by the cut price. In a case where the builder sold a house at less than cost to retain the good will of the purchaser's father, the U. S. Tax Court says the excess value is not taxable to the buyer.

* * *

☑ **YOU CAN** make a bid to buy surplus rough ***rice*** from the Government for domestic use as feed or for export. Sale of the rice, which was bought

under the price-support program for the 1954 crop, is being handled by the office of the Commodity Stabilization Service at Dallas, Tex.

* * *

☑ **YOU CAN** apply up till December 16 for a permit to export certain ***aluminum and copper*** scrap in the fourth quarter of 1955. This deadline is extended by the Bureau of Foreign Commerce.

* * *

☒ **YOU CANNOT** expect the Federal Trade Commission to uphold your complaint of ***price discrimination*** against your competitor unless there has been a substantial diversion of business as a result of discrimination. This is a finding of a FTC examiner who says such injury must be proved to make a case.

* * *

☒ **YOU CANNOT,** as a ***tobacco*** farmer, count on planting as much land in burley in 1956 as this year. The Department of Agriculture proposes an acreage reduction of 15 per cent for burley tobacco next year. The growers will vote on the proposal December 29.

* * *

☒ **YOU CANNOT,** as a subscriber to a music-service program, avoid an ***excise tax*** on the amount that you pay, including equipment and installation charges. Internal Revenue Service rules that such payments are subject to an excise tax as wire and equipment service.

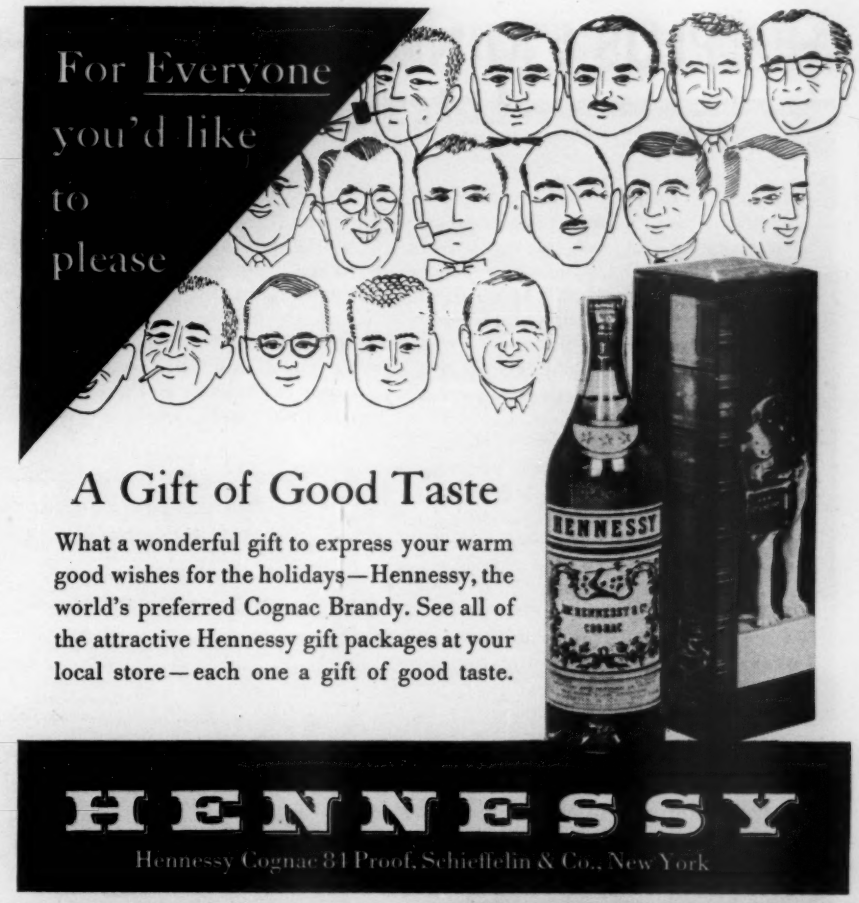
* * *

☒ **YOU CANNOT** expect to get the courts to stop a union from picketing an employer, with whom it has a dispute, at a construction site shared by "neutral" employers. By refusing a review, the Supreme Court leaves in effect a lower-court finding that the Taft-Hartley Act does not bar picketing directed solely at the employer with whom the union has a dispute.

* * *

☒ **YOU CANNOT,** as an employer who has an agreement with a union on minimum wage rates, refuse to give the union, during ***collective bargaining,*** information on wage rates of individual employes. To turn down such a request, according to the National Labor Relations Board, is a violation of the Taft-Hartley Act.

Conclusions expressed in these paragraphs are based upon decisions and rulings of courts and Government bureaus. In making their decisions, courts and bureaus consider many facts which, for reasons of space, cannot be set forth in detail. U. S. NEWS & WORLD REPORT, *on written request, will refer interested readers to sources of this basic material.*



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PLUS & MINUS
Latest Indicators of Business Activity

Business activity is holding its large gains of this year. Jobs and incomes are at record highs and still in a rising trend.

Factory output stood at 144 on the indicator in the week ended December 3, equal to the monthly record set in October. Auto plants turned out 182,700 cars, within a shade of a new all-time high.

Contract awards for new construction, after wavering in October, picked up sharply in November, running 20 per cent above a year ago.

Personal incomes grew to a rate of 309.5 billions per year in October, 1.5 billions above September and 21 billions above October, 1954.

Employment totaled 64.8 million in November, a record for the month, more than 3 million above last year.

Manufacturing jobs increased to 17.1 million, for a gain that was more than normal for the month. Auto plants, their model change-overs completed, recalled workers. Machinery plants rushed work on large orders for plant expansion and modernization. Rubber, apparel, leather and other consumer-goods industries added workers to meet growing demand for goods.

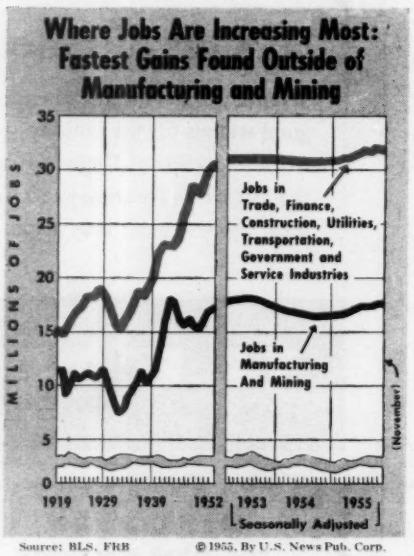
Trade, wholesale and retail, increased its work force to 11.1 million, up 337,000 from a year ago.

State and local governments reported 4.9 million workers on their payrolls, up 154,000 from a year ago.

Underlying trends of employment are asserting themselves persistently.

Jobs outside of manufacturing and mining, as the top chart indicates, have shown a net gain since January, 1953. Over the same period, jobs in manufacturing and mining showed a net decline. Over the entire period since 1919, jobs outside of mining and manufacturing have more than doubled, while jobs in mining and manufacturing rose by only one half.

Farm jobs, not shown in the chart, have declined from 13.2 million in 1919 to only 8.5 million in 1954. These figures include family workers.



Source: BLS, FRB © 1955, By U.S. News Pub. Corp.

"Service" industries, as a result of these trends, now employ more than half of all U. S. workers. In 1929, they employed two out of five. Included are trade, finance, government, transportation and public utilities. Also theaters, travel agencies, hospitals, TV repair shops and other businesses that supply services.

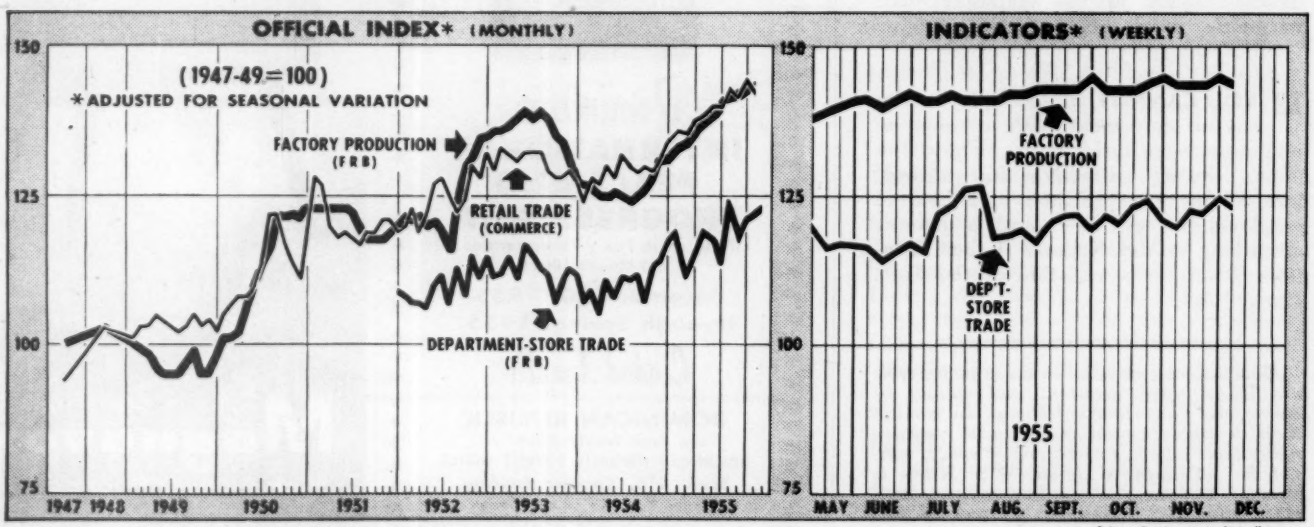
Industries producing goods, on the other hand, now employ fewer than half of all U. S. workers. In 1929, they employed three out of five U. S. workers. Included are manufacturing, mining, construction and agriculture.

Job opportunities for women have multiplied as service industries sought more workers for sales, clerical and professional jobs. Today, 44.7 per cent of all women aged 45 to 64 are in the labor force, compared with 40.5 a year ago, only 24.3 in 1940. Almost 42 per cent of all women aged 35 to 44 are in the labor force, against 40.9 a year ago, 28.8 in 1940.

Influences of many kinds are at work. New machines and techniques have added swiftly to productive efficiency in factory and on farm, releasing workers for other jobs. For housewives, household appliances have eased the burden of work and freed them to take paying jobs. The urge for a higher living standard has increased the number of homes in which wife, as well as husband, is a breadwinner. State and local governments are hiring more schoolteachers, highway-department employes. Suburban shopping centers are swelling the need for clerical and sales personnel.

Effect of the job shifts is far-reaching. Markets have broadened. Spending holds up better in recessions. Incomes are more stable.

Strength of business activity, to continue in 1956, will be nourished by large purchasing power of the public, as well as active spending by business for new plant and equipment. Personal spending, as well as personal income, is expected to break all records in 1956.



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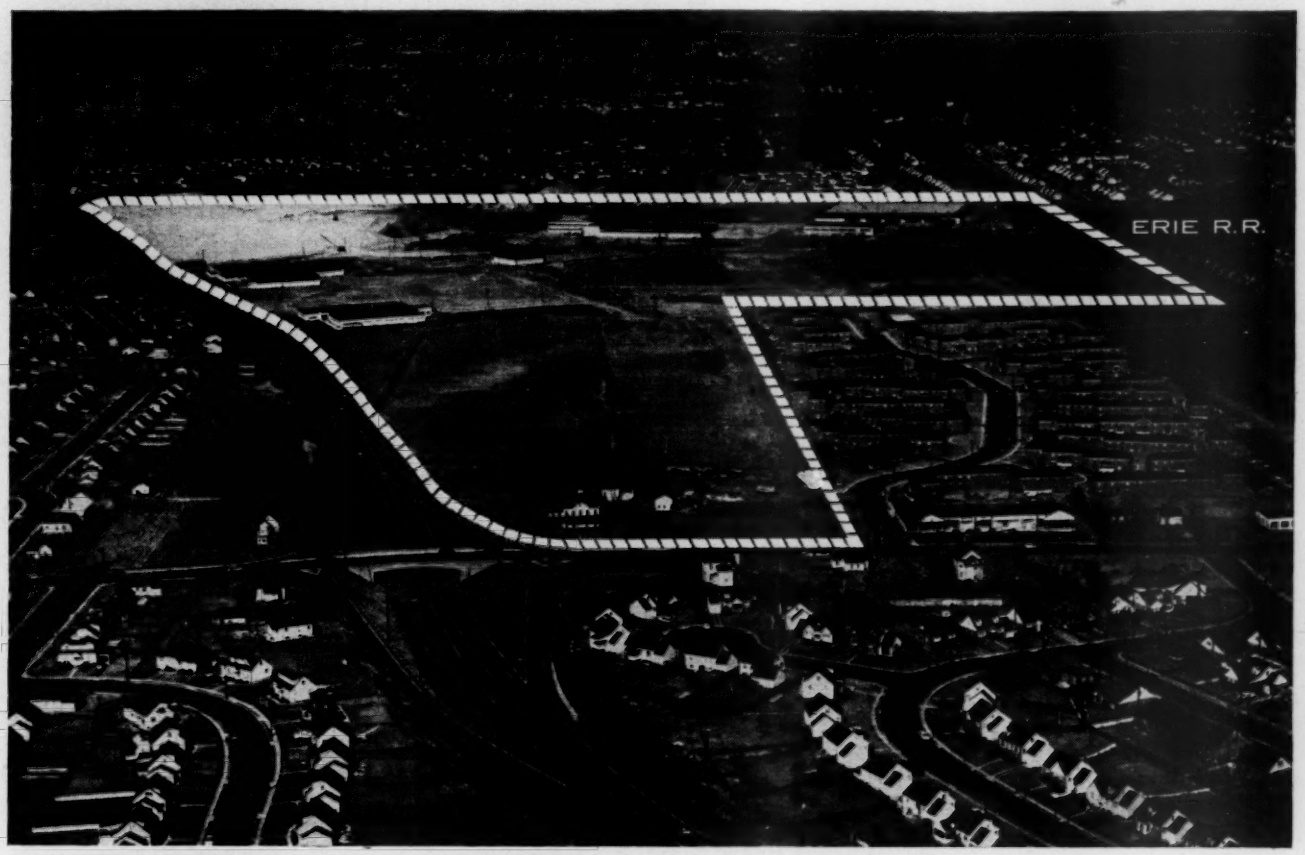

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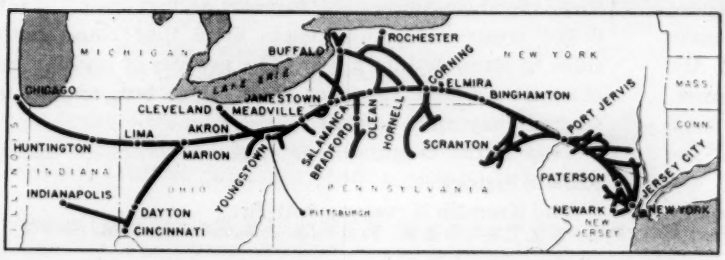

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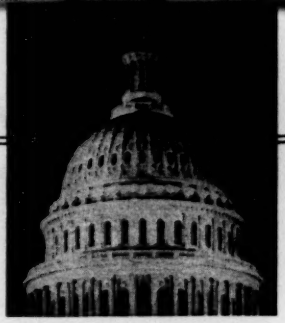

STUMBLING INTO WAR

By David Lawrence

NO PEOPLE ever really want war—and no ruling group commits acts that could lead to war unless sure the other side will not resist.

Big wars come primarily because of miscalculation. Hitler thought Britain wouldn't fight to uphold a guarantee given Poland. He boldly took step after step, convinced that the Western allies would not mobilize effectively and that the United States would at least remain neutral.

The stage is being set today for another miscalculation.

The rulers of the Soviet Union assume that the North Atlantic Treaty Organization is crumbling and that it will be inoperative once Germany is unified on Soviet terms. The Communists are behaving as if they think they now can commit acts of aggression with impunity. A private memorandum from our London correspondent last week says:

"A top British diplomat explains the current Russian toughness this way: The Russians found out for sure at the Geneva 'summit' conference that the United States would never use the bomb unless the West were actually—that is, physically—attacked by the Communists.

"Before President Eisenhower convinced them of this once and for all at Geneva, they were not absolutely sure but, since they now know the bomb will not be used except under these circumstances, they can afford to be more venturesome. Hence, the current antics in the Middle East, India and Burma.

"The same diplomat also says that the tendency to relax in the West and elsewhere was another reason for scrapping the 'Geneva spirit' at the second Geneva conference."

It seems incredible to find the Russian rulers believing the United States will not react to Soviet aggression except in case of an actual attack on its own territory or the territory of its allies. They should remember that in Korea the Western allies did repel aggression by armed force, although no territory of any U. N. member had been attacked.

Is it possible that the Kremlin is misconstruing the pacific policies of the Western powers as a peace-at-any-price attitude? It will be recalled that the Western statesmen have been for several months insisting in their public addresses that force will not be used to reunify Korea or to unify Germany or to settle the issue in the Formosa Straits.

Is it also possible that Western acquiescence in the continuance of two Chinas, two Koreas, two Indo-Chinas and two Germanies, with an explicit statement that force will not be used to alter the status of any of these divided countries, has convinced the Communists in Moscow and Peiping that no steps of a military nature will be taken anywhere else in defense against aggression by infiltration?

If the Communists are sure the Western powers have given up the idea of using force except to repel a direct attack, then penetration of the other defense areas of the West can be continued without fear of reprisal on the basis of gradually probing the sensitiveness of the allies on the likelihood of military retaliation.

The Communists today are adopting the Hitler line in assuming the West has been terrorized into pacifism. So the Communists are helping Egypt with arms that might start a war with Israel. They are fomenting trouble in Cyprus. They are exploiting the friction in North Africa. They are trying to alienate India from the West altogether.

Infiltration, it must be recognized, can achieve the same military objectives as actual physical aggression.

Small wonder that Secretary of State Dulles, in an address last week, found it necessary to issue to the Soviet Union the following words of warning:

"We have developed, with our allies, a collective system of great power which can be flexibly used on whatever scale may be requisite to make aggression costly. Our capacity to retaliate must be, and is, massive in order to deter all forms of aggression. But if we have to use that capacity, such use would be selective and adapted to the occasion."

This can mean only one thing—that, if someday we find it necessary, we shall go to the source of the aggression, and we will hold the Kremlin itself responsible for an attack against any part of the areas around which we have drawn a line for our defense.

The course of the Soviet rulers suggests that they are recklessly moving on to foment more and more trouble in the world. They may think this will be regarded as merely a resumption of the "cold war." But they could involuntarily foment a "hot war." This might ensue as circumstances arise that cause both sides to stumble into a war. The peoples of both sides, of course, would not want such a war but, once it is started, they must finish it.

This is the tragic course that has preceded many wars in history.

The Kremlin is playing with fire.

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